

Steadily Maturing Humanity for Sustainable Development and Solution of Impending Serious Human Impasse

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Abstract: The present article attempts to discuss how to help nurture diverse and reasonably balanced “steadily maturing humanity” for Sustainable Development as well as for solution of Impending Serious Human Impasse. One of the most meaningful discussions is related closely to one essential question underling Native Cultures worldwide, viz., “how to survive soundly as a group”. In this respect, a very intriguing issue in the 1970s was “Japan Paradox”: i.e., How Japan, the loser of WWII, could become “capital rich” within a few decades after the war-devastated “capital-poor” nation, in spite of her “self-restrained” limited borrowing from abroad. This article attempts to prove or, at least, to provide a reliable story of the postwar desperate people’s “collaborative-conscious endeavor” for establishing face-to-face “Communal Relations” to survive, recover and re-establish Japan as independent nation. Such endeavor culminated with the introduction of “Stable Long-term Employment System” in the early 1950s, perhaps, the-then most effective and best fit to the intrinsically “interactive-social-reciprocal” persons/people placed under the severe and high-handed scrutiny of the Allied Occupation. By such attempts, this article offers a complex variety of hints for our contemporary world people to survive and solve the “impending seriously aggravated human impasse” by pursuing Sustainable Development sincerely. In short, one of the present discussions may suggest a way that the world people’s “collaborative-conscious” endeavors for diverse face-to-face Communal Relations is most appropriate for nurturing “steadily maturing humanity” to save humanity and human world, as well as to reduce major causes of the continuously aggravating human impasse. This article does not claim to provide a comprehensive methodology for solving completely such almost fatally aggravated human impasse. Instead, it intends to shed light on more intrinsic means - “steadily maturing humanity” - to pursue Sustainable Development, rather than the highly wasteful, harmful and long-term irresponsible, inhumane technological means by ignoring conveniently the ensuing local-global Social Cost. For this purpose, the present article offers a complex theoretical-practical-reasonable “Big Picture” framework for encouraging communally-oriented face-to-face serious discussions for sound survival of humanity.

Keywords: sustainable development, impending human impasse, long-term theoretical framework, native cultures, Japan paradox, stable long-term employment system, collaborative-conscious communal relations, steadily maturing humanity, sound human development, modern civilization, modern short-run orientation, local-global Social Cost

1. INTRODUCTION

Most important emphasis in this article is placed upon the idea of “**steadily maturing humanity**” for promotion and pursuance of Sustainable Development and seeking solution of continually **aggravated human impasse**. For the present purpose, the term “steadily maturing humanity” corresponds intrinsically to “lifelong diverse interactive-reciprocal-collaborative personal maturing worldwide”. Such long-run personal maturing indicates much more than “individual growth”. The long-term concept of “human personal maturing” includes “human individual growth” that may center on the growth of individual physical-intellectual competence. Much more than such “individual growth”, “personal maturing” necessitates lifelong diverse endeavors and experiences for learning and enriching personal morals, social ethics, mutuality-oriented worldviews and historical-cultural-aesthetic perspectives (among other things).

Also, lifelong “personal maturing” may require continual reinforcement of intelligence, wisdom, senses, sentiment, sentience, courage, empathy, reciprocity, collaboration and harmony (among other things) for the sake of sound and viable human development. Thus, the concept of “steadily maturing humanity” encompasses continual and diverse human sound development both in the short-run and long-run. One of the author’s wishes here, therefore, is a promotion of *reasonable balance* in human

development between “mutuality-emphatic” *personal maturing* and “competence-emphatic” *individual growing* by means of various “collaborative-conscious” face-to-face Communal Relations.

In other words, the present emphasis on “*steadily maturing humanity*” aims at helping solve the impending *human-made serious impasse*, as well as at helping grapple more seriously and sincerely with Sustainable Development. In order to propagate and enhance “*steadily maturing humanity*”, the present proposition is a full-fledged promotion of globe-wide “collaborative-conscious” endeavor for diverse *face-to-face* Communal Relations. For rectifying the human-made impending impasse and promoting sincere pursuance of Sustainable Development, this article takes up to criticize *symbolically* the modern concepts of “*laissez-faire* market competition”, “*free* international trade” and “creative destruction”, among other things. These economic concepts, more-or less, have led the human impasse seriously aggravated, as well as have hindered sincere pursuance of Sustainable Development.

According to the initial definition of Sustainable Development in *Our Common Future* [WCED, 1987]: - “*Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs*”. In other words, this article proposes sincere attention and effective action by “*steadily maturing*” general public, producers, consumers, politicians and hegemony-seekers worldwide to promote and pursue Sustainable Development that indicates the globe-wide long-term *sound socioeconomic* development, as well as *sound human* development. The closely interrelated issues, “Sustainable Development” and “solution of human impasse”, cannot be separated from human activities and lifestyles in the past and the future. Then, human beings have to grapple them sincerely with their readiness of heavy sacrifices. One should not think easily of delegating such *human responsibility* to *technological means* which can easily hide and forget their aims, results, costs and responsibilities. Such sincere human attention and effective action may be considered *intrinsically* most appropriate to pursue Sustainable Development, as well as to solve the continually aggravated “*impending human impasse*”. Humanity as a whole must grapple with the closely interacted human issues. So far, the world individuals at large have unfortunately relied *too much* on the highly irresponsible, wasteful, ineffective, inhumane *technological means*, though they have worked against Sustainable Development, as well as have aggravated *human impasse*. Thus, an important idea to be explored in this article is to help nurture reasonably balanced spiritual-physical development of *steadily maturing humanity* through a “collaborative-conscious *human endeavor* for Communal Relations”.

As a matter of course, such endeavor for Communal Relations in one country or another is not sufficient for effectively pursuing Sustainable Development and reasonably solving the impending aggravated human impasse. It may require a tenacious *worldwide movement* for “*collaborative-conscious Communal Relations*” in diverse, small and large human groups worldwide, such as household, school, workplace, business world, local community, national society, and so on to the potential Global Community. Some variety of “collaborative-conscious experiences” suggest rather diverse “*communal aims*” but share the important “*underlining communal aim*” to enrich *endlessly maturing humanity*.

In all such diverse Communal Relations, where the respective *communal aims* are to be learned, digested and recognized by the participating persons over time, may contribute to gradual augmentation of *steadily* and, perhaps, *endlessly maturing humanity* who, together, may contribute to pursuing Sustainable Development and solving the impending human impasse. Since such “collaborative conscious endeavors”, by necessity, require *face-to-face* communication that can help establish gradually a *mutuality-oriented* and *diversely-balanced* Global Culture as broad common Culture for the prospective Global Community.

Along with such worldwide movement for encouraging “collaborative-conscious” Communal Relations, one *indispensable requirement* is that the world people at large should be helped keenly awoken to the *impending human impasse* as their serious *mutual/communal* “life-or-death” issue needing immediate grappling for solution. Such impasse is mostly a result of the modern nonchalant and/or intentional neglects, as well as modern *irresponsible, short-run, short-sighted, wasteful* reliance on technological means of clinical and/or step-by-step approaches to the long-run/long-term *highly complex* “human-made” problems.

In other words, the ever-aggravating serious human impasse may largely consist of the closely related politico-economic *reckless-run* of Modern Civilization. Though contributed to some technological breakthrough, as well as to *short-run* convenience and profit-utility maximization, Modern Civilization

has long ignored most of the “frightful” *long-run opportunity costs* (or, the long-run local-global Social Cost) that, most likely, have been aggravating the “*impending serious human impasse*”.

The term “Social Cost”, a well-known Microeconomic concept of economic profession is defined: “*Social Cost is the total value of opportunities foregone because of the production and consumption of an item. The total value includes both private cost and external cost* [Bronfenbrenner, et al. 1984]. The “private cost” is often interpreted as indicating *short-run cost* directly paid by the buyer and seller of the item. The “external cost” is the other complex cost basically and largely *long-run nature*, usually *ignored* in the modern *short-run orientation* of production and consumption. More often than not, Social Cost is treated as strictly *short-run phenomenon* by the economic profession of modern and contemporary times, to confine the analysis of Social Cost at the simplified *conceptual level* of Microeconomics, with an *excuse* that the “*long-run Social Cost*” is extremely difficult to assess. When such microeconomic “Social Cost” is to be applied for macroeconomic and even broader phenomena, it is highly important to understand that the process of “production and consumption of an item” is simply *isolated* from other “items”, “producers”, “consumers” and many other important factors, in a totally vacuum-like abstract condition.

In actual human world, “an item”, “a producer” and “a consumer”, however, are usually interactive with “other items”, “other producers”, “other consumers” among many other factors to complicate and multiply over time the magnitude of Social Cost and its ensuing influences upon humanity and natural environment. Typical modern examples are: hegemonical *arms race* for “over-kill” weaponry and *warfare*, incessant trial-and-error “*piecemeal development of technology*” for vastly wasteful “*creative destruction*” and equally wasteful profit-oriented *endless creation* of “now-oriented *fashions*”. All such ensuing long-term, local-global Social Cost tend to be *unpaid* in almost all such examples, by only aggravating the impending human impasse.

All such cases, among many others, have been extremely wasteful, irresponsible “short-run-oriented” economic activities to escalate local-global long-run Social Cost, by exaggerating human instability, uncertainty, insecurity and misery, as well as human moral-ethical degeneration. Worse still, when it comes to the payment of such *endlessly accumulated* long-run local-global Social Cost, modern business practices have tended to *ignore* such Social Cost *forever* for short-run profit maximization, given the modern *strictly short-run orientation* of market activities that have aggravated continually the *impending human impasse*.

Such worsening human phenomena may represent the *convenient* presumption that the *long-run external cost* (largely equivalent to the *long-run Social Cost*) has *not* arisen nor existed *theoretically* in Microeconomics, although nobody could *nullify* anything that had *actually occurred*. Such presumption may have not only reflected the assessing difficulty but also reflected the unwillingness of the parties concerned to pay, in order to secure greater profit and utility “today”. In a sense, such *short-run-oriented* reckless-run Modern Civilization may suggest that almost all producers, consumers, shareholders, political and hegemonical leaders, perhaps, have *conveniently, ideologically and/or irresponsibly* presumed the entire *unpaid* Social Cost was taken care of by Mother Nature. Such irresponsible modern/contemporary human behaviors will be taken up later. The reckless-run Modern Civilization emerged with Modern Democracy largely in the same environment of *Western Enlightenment* have become mutually incompatible. Especially, the *ideal* of Modern Democracy has been badly mutilated by the *reckless short-run-oriented* Modern Civilization, only to imply an *empty/deceptive rhetoric* “Democracy”. Modern Civilization’s contribution to short-run “convenience” (mostly long-run “inconvenience”), as well as to rapid “technological development” (mostly hegemonically biased “*ill-development*”), seemed to have *degenerated* humanity and *devastated* Mother Nature. In a sense, Modern Civilization has treated humanity as mere material beings working for modern/contemporary hegemonical supremacy, as well as treated as short-run disposable “units of labor” in market and “warring units” in battlefield.

In addition, Modern Civilization has basically supported incessant hegemonical warfare (including *proxy wars*) by inculcating human beings as aggressive, hostile, violent and disposable individuals. Further, short-run-oriented Modern Civilization has encouraged the rampant experiments on “over-kill” genocidal weapons for wasteful endless arms race; long-term costly-and-unsafe atomic power-generation; environmental devastation by *laissez-faire* market competition; air-water-land

contaminations for short-run profit maximization; escalation of climatic disasters, pandemics and other calamities. Furthermore, Modern Civilization has escalated accumulation of *unpaid* long-term, local-global Social Cost by means of short-run, repetitive, irresponsible economic growth. Given such reckless and inconsiderate Modern Civilization, the contemporary world people need to be *sharply awakened* soonest possible to the reality of seriously-aggravated *human impasse*

The idea of “collaborative-conscious” Communal Relations (CR) was one of the most important factors of the postwar Japan’s Stable Long-term Employment System (SLES) and “Japan Paradox”. This will be discussed later in view of the postwar recovery and development. Further, some theoretical analyses and explanations will be offered as regards the influence of the SLES with CR on the postwar “Japan Paradox”. Still further, the merits and demerits as well as desired revisions of such employment system will be suggested in view of the future *globe-wide* diverse Communal Relations. Thereafter, a “Big-Picture” theoretical framework for Sustainable Development and solution of impending serious human impasse will be presented in view of the “*steadily maturing humanity*”. All such discussions will take up the relevant issues more candidly and profoundly than the already published present author’s book [Hiwaki, 2011] and articles [Hiwaki, 2017, 2018, 2021, 2022, 2024], [Hiwaki-Hassard, 2019]. Finally, a variety of the author’s views on imminent dangers surrounding the human world will be discussed in Concluding Notes.

2. THE CONCEPT OF SUSTAINABLE DEVELOPMENT

2.1. Ideas Leading to the Concept “Sustainable Development”

As the furious competition of technological development, industrialization and marketization, in particular, becoming escalated during the 1950s-1960s worldwide by the Western industrially advanced nations, many conflicting issues surfaced as regards the on-going industrial development that inflicted visible and tangible damages to the human environment and human health. Growing damages to humanity and environment by the on-going reckless and wasteful technological development and industrialization started being recognized by the concerned scholars, researchers and entrepreneurs during the 1960s. Also recognized were aggressive *laissez-faire* market competition, highly disguised *free* trade and inhumane *hegemonical* violent rivalry. As excessive land-air-water contamination became visible and serious human sufferings tangible, a variety of opinions about human-made damages to natural environment and human health were begun to be reported from various corners of the world.

In the 1960s, an outstanding international forum was repeatedly held by the **Club of Rome** in various places for discussing solution of the pollution issues among conscientious scientists, researchers, politicians and businessmen. As the-then most prominent and conscientious opinion leader/influencer of the world, the Club of Rome started expressing persuasively a wide field of vision on the economic and environmental issues. The Club of Rome primarily aimed at contributing to solving “the predicament of mankind” that included environmental pollution, nuclear-capacity escalation, population explosion, natural-resource depletion, destruction of traditional values, polarization of income and rapid urbanization, among other things. Among many important accomplishments of the Club of Rome, was the publication of a well-researched and highly persuasive report, ***The Limit to Growth*** [Meadows, et al., 1972]. This report, becoming well-known and highly influential, helped people across the world awakened to the complex human predicament relevant to politico-economic activities worldwide.

In the same year when *The Limits to Growth* was published, the United Nations Conference on Human Environment (UNCHE) was organized in Stockholm, Sweden, resulting in ***Stockholm Declaration*** [UNCHE, 1972]. The *Declaration*, in a sense, *placed blame* largely on the poor-and-weak in “Item 4”: i.e., “In the developing countries most of the environmental problems are caused by underdevelopment”. The tone of *Declaration* was taken as speaking for “the rich and strong” by blaming “the poor and weak”, though the United Nations as the world “peace-seeking” public organization was expected to be *fair to all* the member nations and the world people.

For such statement of *Declaration* went against the-then widely shared common knowledge that the Western led furious industrialization, modernization, technology-orientation and economic globalization, at the cost of the underdeveloped and developing countries, were responsible for most of the environmental and developmental problems of the whole world. Thus, *Stockholm Declaration*

became very unpopular among well-learned conscientious people across the world, as well as scientists and researchers at large. In a sense, the United Nations stumbled from the beginning, by giving the impression that UNCHE had paid too much attention to the rich-and powerful contributors to the UN budget.

At the tenth anniversary of UNCHE (held in Stockholm, Norway), the second UN Conference was held in Nairobi, Kenya. The-then issued **Nairobi Declaration** indicted a *new recognition* of human problems as “*the intimate complex interrelationship*” between environment, development, population and resources, and emphasized that the comprehensive approach to this interrelationship would lead to “environmentally sound and sustainable socio-economic development” (Item 3). This phrase was an *important precursor* to the concept of **Sustainable Development**. *Nairobi Declaration*, however, might have gone too far, from the standpoint of modern winners. Perhaps, *Declaration’s* “Item 9” may have very much angered the modern power structure. It declared: “All enterprises, including multinational corporations should take account of their environmental responsibility when adopting industrial production methods of technologies, or when exporting to other countries.” This statement, following the new recognition in “Item 3”, was *highly appropriate* in view of the-then well-learned and conscientious people in the world. It, however, sounded *too much demanding* from the standpoint of the modern power structure. In retrospect, *Nairobi Declaration* may have meant another stumbling block to the UN Conference, for *Nairobi Conference* and its *Declaration* have **never** been officially referred to in the many following UN Declarations on environment and development.

In December 1983, the-then UN Secretary General Jim Mac-Neill, called upon Dr. Gro Harlem Brundtland, the previous Prime Minister of Norway, perhaps, because of her outstanding fame and many achievements, as well as due to the unpopular previous two UN Conferences and Declarations for different reasons. He asked her to establish and chair a “special independent Commission” (later called “The World Commission on Environment and Development (WCED) or, more casually, “Brundtland Commission”. Accepting the extremely challenging task of “*a global agenda for change*”, despite her already busy schedules, she put together with furious energy a highly qualified political and scientific team for a *truly independent* Commission (consisting of widely different backgrounds of members and a clear majority of members from developing countries). According to Dr. Brundtland, the Commission was designed to formulate an interdisciplinary, integrated approach to global concerns for “common human future”. Spending three full years, all the Commission members working together, travelling, listening, and discussing vigorously, Brundtland Commission completed its highly reputed report, **Our Common Future** [WCED, 1987].

The Brundtland Report offered the *formal definition* of **Sustainable Development**: i.e. “*Sustainable Development is development that meets the needs of the present without compromising the ability of the future generations to meet their own needs*” [WCED, 1987]. Then, *Our Common Future* called for a common endeavor and new norms of behavior at all levels in the interests of all people. Such *long-term complex* meaning of Sustainable Development was supplemented in the Report by an important explanatory statement of the Commission: i.e. “It (Sustainable Development) is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientations of technological development, and the institutional changes are made consistent with future as well as present needs (p. 9)”. Regarding the *strategy* for Sustainable Development, *Our Common Future* explained: “*In its broadest sense, the strategy for sustainable development aims to promote harmony among human beings and between humanity and nature* (p. 65)”.

2.2. UN Activities Relevant to Sustainable Development

The Brundtland Commission’s Our Common Future served well for the success of the 1992 UN Conference on Environment and Development (abbreviated “UNCED” or “Rio Earth Summit”) held in Rio de Janeiro, Brazil. A further *clarification* was added to the meaning of “Sustainable Development” at the World Summit on Sustainable Development (WSSD) in 2002, organized by the UN and held in Johannesburg, South Africa. The *Johannesburg Declaration* indicated a collective responsibility of the “three-pillar” simultaneous pursuance at local, national, regional and global levels for Sustainable Development [WSSD, 2002]: -

“...We assume a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of Sustainable Development – economic development, social development and environmental protection – at the local, national, regional and global levels (Article 5)”.

In a sense, *Our Common Future* of the Brundtland Commission offered a principal foundation as well as an integrated interdisciplinary guideline for the UN Conferences on Sustainable Development in every ten years, as well as more specific UN-organized Meetings, such as “the 1995 Copenhagen Social Summit”, “the 1997 Kyoto Protocol”, “the 2015 Paris Agreement”, among other international Meetings. Especially, the profound studies and discussions in *Our Common Future* and the *Rio Declaration* offered practically all the philosophical and moral-ethical supports for UN activities on Sustainable Development thereafter.

The UN published *Transforming Our World: the 2030 Agenda for Sustainable Development* [United Nations, 2015], explicating Sustainable Development and offering Sustainable Development Goals (SDGs), deems to embrace all such supports. This UN Agenda should be applauded as a **great feat**. It is, indeed, an awesome challenge to break-through the ever-gathering *mental and physical barriers* of deeply-inculcated and manipulated contemporary values and ideologies. Such values and ideologies have been, most likely, fabricated by high-handed power politics of the hegemonical-plutocratic power structure, in order to justify and favor the on-going *short-sighted, short-run, wasteful, dangerous and irresponsible* world governance.

For the contemporary hegemony may have been attempting to dampen the currently existing hopes and enthusiasm for Sustainable Development, by twisting it to mean “sustainable economic growth” as interpolated (forcefully or not) in the UN Agenda of *Transforming Our World*. The “Goal 8” of *Agenda* states: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” (underlined by the present author). Usually, “economic growth” is not considered long-term “sustainable” phenomenon and, thus, the interpolated phrase, “sustainable economic growth”, seems to reflect the strong *hegemonical influence*.

Captions of the 17 Sustainable Development Goals (SDGs) in the UN Agenda are listed for the reader’s reference, as follows: -

Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improve nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts

Goal 14. Conserve and sustainable use of the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and Halt and reverse land degradation and Halt biodiversity loss

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

2.3. Meaning of “Development” in Sustainable Development

The concept of “Sustainable Development” calls for, no doubt, a *long-run, complex, collaborative-conscious* socio-politico-economic endeavors *worldwide*. Unfortunately, however, the concept is highly difficult for the world people in general to aspire for under the contemporary *short-run, market-centered, hegemonic* political stance for market/economic activities in favor of the Western well-established multinational enterprises. In the contemporary interpretation of Sustainable Development, based on short-run profit-maximizing, aggressive and, *laissez-faire* market competition, there may exist no difference in the meaning between “*economic growth*” (*short-run*) and “*economic development*” (*long-run*). This point is highly important in understanding Sustainable Development, as well as in planning effective actions for Sustainable Development.

According to H. W. Arndt in his book, *Economic Development: The History of an Idea* [Arndt, 1987], the term “development” indicates much more profound than the term “growth”. For one thing, he referred to the Stockholm Meeting in September 1969 with Gunnar Myrdal as chairman, Benjamin Higgins as vice-chairman, and H.W. Singer as rapporteur. The purpose of the Stockholm Meeting was to clarify further *the role of social factors* in “development”. Higgins explained the concept “development”, as follows [Hiwaki, 1998]: -

“When ‘development’ comes to mean all elements of human life that contribute to human welfare, including nutrition, health, shelter, employment, the physical environment, the socio-cultural environment or quality of life, and such matters as participation in decision-making process, a sense of human dignity, of belonging, etc., standard neoclassical and neo-Keynesian economics has only a limited contribution to make to development policy and planning”.

Gunnar Myrdal, when he received the 1974 Nobel Prize in Economics, was a Visiting Professor of the Ph.D. Program in Sociology, the City University of New York (CUNY). At his Nobel Prize Commemoration Speech to the CUNY audience, he offered a compact definition of economic development: i.e. “*Economic development is a continuous upward shift of all elements of human life.*” It was well-known that economic students and researchers in general during the 1940s and 1950s had used “*economic growth*” interchangeably with “*economic development*”. The long-term complex meaning of “economic development”, however, became a standard understanding of economic profession toward the end of 1960s and thereafter. Myrdal’s simple definition of “economic development” had already been well-established, so that no further explanation was necessary. It is quite certain that Brundtland Commission followed Myrdal’s definition of “development” for the concept of “Sustainable Development”.

3. OBSTACLES TO SUSTAINABLE DEVELOPMENT

It may not be farfetched to say that the late premodern and early modern conditions within the West European region represented the vortex of hegemony-seeking violence with aggressive behaviors of monarchies, religious organizations, and endlessly expanding greed of adventurous-and-violent merchants. For the region started experiencing the furious socio-politico-economic changes, along with the partially-overlapped, complex processes of Renaissance, Reformation, Enlightenment and Industrial Revolution. The highly volatile, strained and warring relations in the region were compounded with the hegemonic rivalry among the-then powerful nations within the region. Also, such nations were, perhaps, strongly enticed and stimulated by learning the availability, outside the European region, of resource-rich territories without strong military capacity. In order to escape the “blind alley” in Europe, some Western Powers, driven by their hegemonic ambition, started looking beyond Europe for obtaining precious metals, natural resources and colonies for their rapid empowerment by means of industrialization. Perhaps, such industrialization was considered the way to mass-produce superior weapons, capital goods and export products, all which, relying heavily on development of new technology, could contribute to winning hegemony, as well as solidify the hegemonical *dogmas* of “Might makes right” and “The winner takes all”.

3.1. Modern One-Sided Aggressive Ideologies

The-then escalated socio-politico-economic instabilities, representing the geopolitical reality of the West European region, gave rise to mutual distrust, animosity, aggressiveness, violence and warfare. In the meantime, as the recurrent aggressive struggles and violent warfare became more-or-less

deadlocked, the Western military thrust was redirected to the resource-rich and poorly-defended non-European societies/countries. Now, by conquering, plundering, colonizing and exploiting them, as quickly and cheaply as possible (meaning “efficiently”), the aggressive Western nations were amply rewarded over time to reinforce their hegemony-seeking industrialization and technological development with the increased supply of abundant natural-and-labor resources from their newly acquired colonies and new territories.

Along with such self-seeking, violent and aggressive exploitation of rich resources after acquisition of expansive territories and colonies, the hegemony-seeking nations attempted tenaciously and thoroughly to destroy the Native Cultures, values, beliefs and prides of the respectively defeated peoples and societies. Further, the hegemony-seeking nations started imposing their own logic, rationale, rules, beliefs, ideologies and dogmas on the losers to compel them to emulate such highly aggressive, inhumane, self-righteous, short-run Modern Civilization. As a consequence, the human world has become inundated with growing, lingering, bottomless, uncontrollable and antagonistic energies that had arisen from bitterness, sadness, misery, rancor, fury, indignation and resentment of the societies and peoples having been continually trampled, exploited, oppressed and left devastated.

Most likely, modern ideologies were closely related to *profit motive-arousing aggressive ideas*, such as “*laissez-faire* market competition”, “*efficient* production”, “*priority* of private property”, “*short-run* profit maximization”, “*division-oriented* reductionism”, “*individual* self-interest” and “*national* self-interest” (among other things). All these ideas could encourage aggressive/predatory competition for *short-run* economic growth to amass wealth and power *quickly* for the purpose of pursuing hegemonic power, without conscience and concern of the *long-run* accumulation of *unpaid* Social Cost worldwide. (Here, one should not lose sight of the *overwhelming silence* over the *long-run neglected problems* related to *long-run* “external costs” of *short-run* politico-economic and military activities.) All modern ideologies and dogmas, mostly favoring the Western industrially advanced nations, have been inculcated tenaciously and popularized worldwide and, very often, compelled other societies and peoples to adopt them.

In a sense, the book entitled, *The Wealth of Nations* written by Adam Smith as keen-and- broad observer of peoples and societies [Smith, 1776/1937], was, in a sense, more than a blessing to the self-justifying modern/contemporary power structures (“Pax Britannica”, “Pax Americana” and “Big Market”). Smith and his followers (so-called “classical economists” heavily influenced by *Western Enlightenment*) sincerely emphasized their philosophical/theoretical concepts, in particular, “*laissez-faire*”, “*invisible hand*”, “*individual self-interest*” and “*division of labor*”.

Smith suggested a special influence of the own “Native Culture” on important economic decision-making. The relevant statement of *The Wealth of Nations* is, as follows: -

“Every individual is continuously exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily leads him to prefer that employment which is most advantageous to the society (p. 241)”.

Once the common property and identity (own Native Culture) suffered a severe damage, however, the Culture-bound “mutual trust and concern” and “centripetal force” may have faded away. Then, many “individuals” might have easily detached themselves from such “Cultural influence” and began to assume excessively selfish, defensive and/or disorderly attitudes seldom known before. Such “unsocial/unsound attitudes of degenerated humanities” may have reflected their “disrespectfulness” to the own society and government. Also, such attitudes may have condition the society to suffer from a serious lethargy that entailed the individuals’ moral, spiritual and intellectual downfall. In our contemporary world, where diverse Native Cultures have been marginalized, destroyed and ignored, the above classical concepts, can be intentionally and wrongly reinterpreted to disguise, camouflage and expand the original meanings.

The classical concept of “*laissez-faire market competition*”, to begin with, may have originally meant “no *governmental* intervention in private market activities of individuals”. Such phrase, however, may

have started to favoring the rich and strong, in particular, to speed up “technological changes for *short-run* economic growth”, by forcing “a quick replacement of the old with the new”. Also, “*free trade*”, perhaps, has been pursued for expansion of wealth-and-power in favor of the modern *advanced* enterprises, peoples and nations, even justifying the hegemonical ruling.

Secondly, the classical concept of “*individual self-interest*” may have originally meant to encourage the people at large to emancipate themselves from the various shackles of religious-and-secular instructions, bans and loyal practices, as well as to behave *a little more* for their respective individual interests and desires. Over time, the concept may have been reinterpreted, more or less, to encourage “individual exclusive selfishness and/or greed”. Thirdly, the classical concept of “*invisible hand*” may have originally meant to suggest a “theoretically wonderful *market function*” for equilibrating the aggregate demand and supply of various items, with no efforts of the market participants. The concept, however, may have now been used as a *tool* of encouraging “short-run-oriented” “*aggressive/predatory*”, “*laissez-faire* market competition” for short-run profit maximization, and encouraging rapid accumulation of *the winner’s* wealth-and-power.

Finally, the classical concept of “*division of labor*” may have originally implied “*specialized collaboration of workers*” to produce each and all items for growth of quantity and enhancement of quality. Such concept may have now come to suggest an “efficient” production by “standardized units of cheapest possible labor” for short-run profit-maximization. A common feature underling such *disseminated* ideas/ideologies may be *self-justification* of “*the winner*”, amassing wealth and power mostly at the sacrifice of “*the loser-and-weak*” in the world, as well as at the cost of Mother Nature. No doubt, it has been important for power structure to encourage the world people to *emulate “the winner”* for “*short-run*” profit maximization. Other common features may include “endless search for efficiency”, “convenience orientation” and “creation of insatiable wants”.

The present argument against the contemporary ideas/ideologies is to warn the reader and general public to be keenly aware of Big Market’s schemes for short-run *profit-maximization*. Big Market (the modern/contemporary power structure) has long compelled peoples and countries across the world to be involved *excessively* in “economic efficiency”, “profit maximization”, “fashion orientation”, “convenience chasing”, “creation of insatiable wants”, “consumption increase”, as well as endless wasteful/irresponsible “piecemeal innovations” and “incessant model changes” by means of technology for the sake of “**repetitive economic growth**”. More generally, such “modern ideological *indoctrination*” has compelled the world people in general to follow and emulate almost blindly the lifestyle, motivation, perspective and worldview of the modern/contemporary power structure.

Such hegemonical phenomenon of contemporary “methodological ideologies” has been, no doubt, destroying the diversity of Native Cultures, Social Value Systems and decent human lifestyles, which are most necessary for reasonably sound **human survival**. Thus, hegemonical encouragement of excessively-distorted ideas and ideologies have *ironically created*, almost simultaneously, **both** the *necessity* of Sustainable Development and the *prohibitive barrier* of Big Market to Sustainable Development. Since the above-mentioned excesses have accelerated accumulation of the *long-run unpaid local-global* Social Cost, compelling all societies and peoples to suffer increasingly and unbearably.

3.2. Obstacles of Modern Hegemonical Force Of Habit

The modern hegemonical force of habit based on the self-justifying/self-empowering *dogmas* (“*Might makes right*” and “*The winner takes all*”) may have relied heavily on the wasteful-irresponsible “technological means” to create the **best** “overkill weaponry”. Such *dogmas* have been extremely dangerous over time, for *only “winning”* in warfare, regardless of “how”, has long *justified* “the winner” in modern times, consequentially, *devastating human morality and ethics* worldwide. In “*laissez-faire* market competition”, the technologically well-established “stronger competitors” have been favored most to **win** over “the weaker” and grabbed big prizes.

Another frequently used *rhetoric*, “creative destruction”, encouraged *incessant technological changes* for introducing “*the fashionable*” to replace “*the traditional*” (not only goods and services, but also diverse Native Cultures). Such incessant introduction of *the fashionable* may have been “more profitable” in *the short run* for the modern/contemporary winners, even though destroying “comfortable

life” of people at large. For Sustainable Development, “comfortable human life” is highly important to maintain a reasonably “balanced co-existence” of intrinsically related “the traditional” and “the fashionable”.

A rapid process of “creative destruction” for hegemonic “profit-motivated piecemeal technological changes” and “wealth-power augmentation” may have tacitly hidden the *greedy motivation* of hegemonical leaders. Such contemporary power structure has exercised the irresponsible “hegemonical force of habit” for *short-run* profit maximization, in view of hegemonical desire for superiority in market competition, technological development and political-military affairs. The desire for superiority has inevitably required incessant and aggressive technological changes at the cost of both humanity and nature in the short-and-long runs, by ignoring the long-run opportunity costs (or long-term local-global Social Cost), in particular. Thus, such “hidden hegemonical motivation” may have suggested the “hidden disregards” to wellbeing of the world people in general and sound natural environment in the long-term.

Under the hegemonical governance and manipulation by Big Market, the inevitably biased and reckless activities of Modern Civilization may have included “aggressive/antagonistic daily human lifestyles”, “money/material-biased inhumane activities”, “short-run market-oriented self-seeking motivations”, “ill-manipulated individualism”, “scientific reductionism for simplistic standardization”, “growth-maniacal endless progressivism” (among other things). No doubt, such excessive biases may have imposed *unreasonable* burdens, sufferings and miseries on humanity. Thus, it is indispensable for the world people in general to *question* seriously the on-going *manipulated lifestyles* that ignore the *long-run* consequences of the *short-run* biased socio-economic activities.

Thus, the prevailing combination of short-run Market Value System and *self-justifying* hegemonical legal system, closely corresponding to short-run biased politico-economic activities and hegemonically manipulated lifestyles, may go directly against Sustainable Development that requires long-term, complex and local-global collaborative-conscious endeavors [Hiwaki, 2022a, 2023]. Likewise, *short-run* irresponsible, incessant and piecemeal technological changes for profit-maximization have been directly against the *long-term oriented* Sustainable Development. In a sense, the proposition of “Sustainable Development” may require the world general public to perceive it as “*the final proposition*” or “*an ultimatum*” for a reasonably sound survival of humanity.

4. SHORT-RUN ORIENTATION AND MARKET VALUE SYSTEM

Modern *short-run* mentality, having been encouraged by the modern hegemonical-oligarchic leadership (Big Market), may have something to do with the prevailing aggressive/predatory competition biased to rapid wealth-and-power accumulation. For the incessant “fashionable” innovations seem to have accelerated the *disposable uses* of human and natural resources, as well as to have consolidated the worldwide control by means of “*technological superiority*”. Almost all the *wasteful and reckless* disposal of such precious resources have been carried on mercilessly by the *dogmas* of “*Might makes right*” and “*The winner takes all*”. Against such wasteful and merciless Modern Civilization, the present article is intended to help promote the *intrinsically* long-run Sustainable Development that requires *steadily maturing humanity* for long-term harmonious collaborations worldwide.

Undoubtedly, the aim of present article does not support the prevailing *competition-warfare oriented* repetitions of economic growth based on “profit-seeking *technological changes*” accompanied with the neglect of *long-term* local-global Social Cost. Such means of profit-maximization have been pursued, most likely, to accomplish *technological advancement* for “supremacy”, despite such means being wasteful, dangerous, costly and reckless modern strategy. Such attempt for achieving *supremacy* by reinforcing the hegemonical power may have always entailed “swelling” danger to sound human survival, as well as “*unpayable*” accumulation of Social Cost to aggravate impending human impasse.

Further, such strategies may have *devastated seriously* humanity’s sound discretion, proper worldviews, broad-and-deep perspectives, empathetic orientation and harmonious communal-relationship, among other things. In other words, such accumulated “*unpaid long-run local-global Social Cost*” may bring about *endless* and, perhaps, *fatal* Boomerang Effects in due course of time, by means of the escalating

individual, corporate and governmental wastefulness, as well as of growing aggressive violence worldwide.

It may not be farfetched to think that the modern encouragement of market-centered economic activities”, “*laissez-faire* market competition”, “free international trade” and “reckless reliance on irresponsible *technological means*”, in particular, for the *short-run profit maximization*, may have given birth to the modern plutocratic Big Market. The powerful Big Market, having been given the role of providing “blood” (money) to encourage *laissez-faire* market activities worldwide, may have conveniently shifted itself too far leaning to the *short-run* self-seeking hegemonical leadership. The ensuing result, perhaps, encouraged few of the “modern winners” to have become long-term “balance-oriented”, “public-spirited”, “humane” benefactors. This means that the prevailing arrogant Big Market has fed excessively the *modern hegemonical force of habit*.

Thus, Big Market must have intrinsically required many of easily seduced, threatened and/or silenced “cheap labor” countries, as well as world people at large to be accustomed to the hegemonically manipulated “cheap natural resources”. The short-run-oriented Big Market did not embrace any *alternative* long-term purposes of *globe-wide* “collaborative-conscious” Communal Relations for better and viable life for the world people in general. Perhaps, the “*laissez-faire* market competition” has continually seduced the world people into becoming “progressively wasteful” producers and consumers who have come to share the mentality of the modern hegemonic/plutocratic power structure.

Also seduced were the world people at large into neglecting their morals and ethics and public responsibilities for the future generations, not to mention the past generations. For they have degraded themselves to sink into excessively self-seeking, aggressive, antagonistic and violence-oriented “puppets” in the hands of the hegemonical-plutocratic leadership. In fact, the world people at large may have allowed their mentality manipulated to resemble that of the hegemonical-plutocratic power structure, so that they have destroyed their own Native Cultures and distorted *balance of nature* necessary for a viable human future.

Despite the on-going “*laissez-faire*” market competition and aggressive warfare, both of which have accelerated destabilization and endangerment of life on Planet Earth, the hegemonical-plutocratic Big Market, behind the curtain, must have been encouraging such human behaviors and atrocities in favor of short-run profit-maximization, as well as for sacrificing future generations of the people worldwide. With the aggressive and selfish mindset, such hegemonic leadership must have been encouraging the potential modern winners to take advantage of the *laissez-faire* exploitation for short-run profit-maximization at the cost of “the losers” worldwide. This, in a sense, tells a story of the cruel reality in Modern Civilization which has distorted/destroyed human integrity, devastated most of Native Cultures, destabilized *balance of nature*, and annihilated *peace and order* to invite the Civilization’s eventual fate.

Also, Big Market has manipulated the world people at large to be “isolated individuals” who had to **accept** “self-oriented and convenience-addicted subservient individual existence”, “fashion-oriented rapid changes of technology”, “short-run repetitive economic growth as **progress**”, “money-speak cruel loan-dependence”, “material-centered unbalanced lifestyles”, “shareholder sovereignty of corporations” and “hegemonical, wasteful, incessant, aggressive warfare” (among other things). Thus, in the longer-run sense, such short-run “*laissez-faire* market competition” may have been the *most unfair* competition that has also been hindering human collaboration for long-run appropriate *human* development – “*steadily maturing humanity*”. In spite of the existing variety of barriers, however, the worldwide “collaborative-conscious” endeavors for *steadily maturing humanity* may most likely be the *last possible hope* for pursuing Sustainable Development sincerely and solving the seriously aggravated human impasse.

The self-justifying hegemonical-plutocratic Big Market seems to have continually accelerated *human degeneration*, as if, to *hurry* toward the end of human world, by means of the mutually reinforced major modern *short-run/short-sighted* ideologies that comprise the **Market Value System**. The *mutually reinforcing ideologies* in the following diagram (**Fig. 1**), consisting of Antagonism, Materialism, Individualism, Progressivism and Egotism may have offered their *combined* extremely distorted and irresponsible long-term influences on humanity, as well as their extreme *holistic and respective* implications, as stated briefly in the following: -

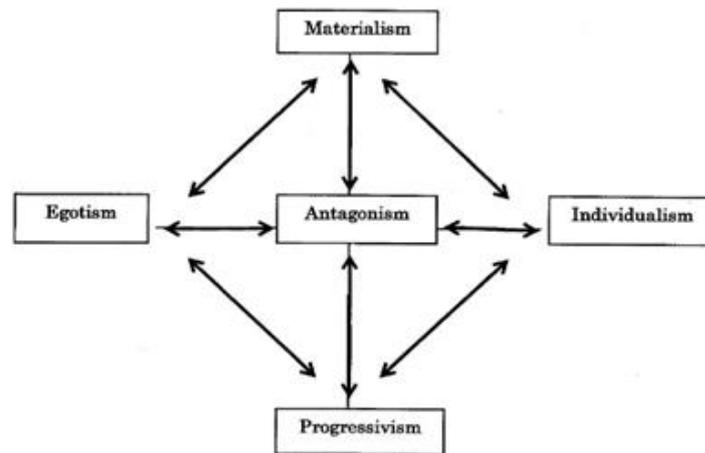


Figure 1. Mutually Reinforcing Modern Ideologies

“**Antagonism**”, placed at the center of the diagram, represents the prevailing hegemonical inculcation of *antagonistic-divisive human relations and lifestyles* worldwide by means of the hegemony-induced *endless-cruel* market competition and violent conflicts-and-warfare, together with the hegemony-favoring “*free trade*” and “*laissez-faire*” market competition. Such extreme view-and-proposition (“Antagonism”), *totally disregarding* the alternative of *friendly collaboration* for harmonious and comfortable human relations and lifestyles, *interacts* constantly for mutual reinforcements with other *extreme modern ideologies*, namely, Materialism, Individualism, Progressivism and Egotism.

“**Materialism**” represents the prevailing hegemonical inculcation of rapidly “changing” and “imbalanced” human lifestyles based on the *short-run* profit-maximizing incessant *technological* changes, which offer *short-run convenience* (mostly, long-run *inconvenience*), by creating *insatiable* material-and-fashion-oriented goods and services for hegemonically manipulated “short-run repetitive” *economic growth*. Such extreme view-and-proposition (“Materialism”), *totally disregarding* the alternative that encourages *mental-spiritual maturing* for “balanced” lifestyles, *interacts* constantly for mutual reinforcements with other *extreme modern ideologies*, namely, Antagonism, Egotism, Individualism and Progressivism.

“**Individualism**” represents the prevailing hegemonical inculcation of the *modern reductionism-based* deceptive “individual independence”, which tends to *isolate and weaken* each person by *pulling apart* from family members, friends, community and society. Such extreme view-and-proposition (“Individualism”), *totally disregarding* the alternative of *human-intrinsic*, mutually-harmoniously maturing “social-reciprocal” *personhood*, *interacts* constantly for mutual reinforcements with other *extreme modern ideologies*, namely, Antagonism, Materialism, Progressivism and Egotism.

“**Progressivism**” represents the prevailing hegemonical inculcation of incessant *technological* changes intrinsically aiming at *supremacy* for domination of the world, as well as for irresponsible “short-run”, *convenience-and-fashion oriented*, repetitive economic growth (deceptive “progressivism”). Such extreme view-and-proposition (“Progressivism”), *totally disregarding* the alternative of *continuously and closely linked* “past-present-future” human lifestyles that maintain and respect diverse Native Cultures, *interacts* constantly for mutual reinforcements with other *extreme modern ideologies*, namely, Antagonism, Individualism, Egotism and Materialism.

“**Egotism**” represents the prevailing hegemonical inculcation of self-seeking and short-run profit-maximizing and utility-maximizing lifestyles for *exclusive enrichment/empowerment* without paying the long-term local-global Social Cost (opportunity-cost of Egotism). This lack of the long-term responsibility *induces* human *moral-and-ethical degeneration* by means of excessive *income-and-wealth differentials*, as well as *accelerates* the social disorder, instability and insecurity based on the increasing irresponsibility, frustration and/or indignation of the people at large. Such extreme view-and-proposition (“Egotism”), *totally disregarding* the alternative of *mutual-communal*, “collaborative-conscious” sharing of both short-run and long-run *benefits and responsibilities* for viable human future, *interacts* constantly for mutual reinforcements with other *extreme modern ideologies*, namely Antagonism, Progressivism, Materialism and Individualism.

The above depicted mutual-reinforcement of modern *one-sided* ideologies tends to *augment* constantly the *short-run* Market Value System (MVS) and *accelerate* the modern *degeneration* of morals and ethics. The constantly augmented MVS may clearly discourage “individuals” to take seriously of Sustainable Development. Most likely, such MVS encourages businessmen and other people only to think of Sustainable Development just for another profit-making opportunity.

As long as the *modern binding* of hegemonical-plutocratic faith in the *modern dogmas* (“Might makes right” and “The winner takes all”) prevails, the growing impetus to selfishness and exclusivity may give rise to more serious instability, uncertainty and insecurity worldwide, accompanied with the escalated “now-orientation”, “income-wealth gap”, “wasteful uses of precious resources” and “ideological crimes” of *neglecting* serious long-term local-global Social Cost. For promotion of Sustainable Development, a good understanding of its “long-term globe-wide concept” which requires world people’s full-hearted, communal-spirited, “collaborative-conscious” endeavors.

5. THE SLES AND JAPAN PARADOX

The Stable Long-term Employment System (abbreviated as “SLES” which was usually called “the Japanese Lifetime Employment System”) was a popular system among ambitious large firms during post-WWII Japan. One of the most unique features of the SLES was that the relevant firms (usually large corporations) were, more or less, run jointly by the respective management and workforce based on the “collaborative-conscious” *Communal Relations* (CR). The employment system was highly important for theoretical and empirical explanation of the phenomenon so-called “Japan Paradox”, as a “dramatic” expression for the rapid postwar recovery and development. The SLES with CR may have steadily helped lower the “time preference” (meaning “present-time” preference) of the relevant managements and workforces, and even the Japanese people at large during the 1950s and 1960s, in particular.

The so-called “Japan Paradox” by Western observers and researchers meant that “capital poor” Japan became “capital rich” by generating *internally* almost all her rapidly expanded stock of capital, within a few decades after defeat in WWII. Moreover, Japan’s GNP (Gross National Products) in 1969 reached the second largest in the world only after the USA’s GNP. A *preliminary theoretical* explanation and interpretation of the SLES with CR were offered by the present author’s Ph.D. dissertation at the City University of New York [Hiwaki, 1979]. Also, his two articles, “The Stable Long-term Employment System of Japan: A Microeconomic Perspective” [Hiwaki, 1990] and “The Stable Long-term Employment System and the Postwar Economy of Japan” [Hiwaki, 1991], offered partial summaries of theoretical and empirical results in the dissertation.

With such postwar Japanese successful attempt as a good and humanly practicable reference, the idea of *globe-wide* “collaborative-conscious” *face-to-face* Communal Relations will be proposed in this article later. It is to help overcome the impending, seriously aggravated *human impasse* that requires a broad *theoretical* framework, urgent and appropriate strategies, policies and actions with a worldwide collaboration of the largest possible numbers and groups of conscientious people. In this regard, the phenomenon called “Japan Paradox” may offer one good hint for the world people to overcome the serious “life-or-death” human impasse. For *globe-wide* “collaborative-conscious” Communal Relations (CRs) may offer highly useful ideas for Sustainable Development, as well as for a breakthrough of the impending serious human impasse, by encouraging “*steadily maturing humanity*”.

5.1. The Stable Long-term Employment System (SLES)

The so-called “Japanese lifetime employment system” was redefined by the present author as “Stable Long-term Employment System” (SLES) to make it better represent the unique employment features in modern times. This multi-faceted complex SLES in the postwar Japan encompassed an intricate socioeconomic system, as well as encouraged the moral-ethical features of “mutual trust” and “mutual benefit”. Such unique employment system seemed to have kept a reasonable balance with the hegemonically controlled Modern Civilization for Japan’s rapid postwar recovery and development.

The SLES was adopted initially by ambitious and potent large corporations which were, to begin with, mainly the former specialized industrial sections of the prewar financial combines (Mitsui, Mitsubishi, Sumitomo, and so on), broken up by the order of the U.S. led Occupation Army in the immediate postwar period. Generally speaking, the SLES kept spreading rapidly among large and emerging firms during the 1950s and 1960s, encompassing the following typical features [Hiwaki, 1979, 1990, 1991]:

- annual “lump-sum employment” of fresh school graduates (respectively, from junior high schools, senior high schools and undergraduate schools);
- an implicit guarantee (*not* “contract”) of stable long-term employment;
- a stipulated compulsory retirement age (initially set at 55 years old);
- a “seniority-weighted” wage structure and promotion practice;
- a “firm-specific” labor union (“enterprise union”);
- initial and incessant on-the-job training for job rotation within the firm (corporation);
- “semi-voluntary” worker participation in the “quality-control circle” (QC Circle);
- profit-sharing through bi-annual bonuses and once-for-all retirement allowance; and
- Paternalistic attentions to the health and welfare of the workers and their families.

5.1.1. Misunderstanding of the SLES: Examples

It is a well-known story that an American consultant James C. Abegglen, the representative of Boston Consulting Group, Japan, discovered in mid-1950s that some Japanese companies practicing something like “lifetime employment” and named it “Japanese lifetime employment system” [Abegglen, 1958, 1973]. Ever since, multitude of Japanese and Western scholars attempted to characterize and explain broadly or narrowly its features and effects on the postwar economy of Japan. Unfortunately, only superficial general discussions and/or highly-specific partial approaches became fashionable among the published books and papers without any persuasive “Big Picture” theoretical-and-empirical substantiation.

In other words, they failed almost totally to grasp the prevailing *systemic and long-term effects* of the SLES on Japan’s economy - “Japan Paradox” - that encouraged the country’s transformation, from “the capital-poor” to “the capital-rich” within a few decades. Many discussions by academicians and researchers went on knowingly the “blanket effects” on Japanese corporations and economy, as well as the static, empty, short-run microeconomic and macroeconomic discussions based on the-then existed short-run economic theories and analyses. In short, their discussions were of “long-way-off-the-mark”, when it came to explaining “Japan Paradox”.

Also, the so-called “contract literature”, to begin with, could not see through the intrinsic difference of an “*implicit guarantee*” from a Western “*business contract*”. Much different from a “*business contract*”, the employer’s “*implicit guarantee*” had to be proven over a lengthy time to obtain *general trust* of the incumbent and potential future workers. Also, the contract literature seemed to take for granted a *short-run logic* that the “average wage rate” of the workers employed under the “implicit long-term guarantee” had to be lower than that of employees without such “long-term employment guarantee”. Perhaps, it was *short-run* logically correct, only when “all other things are constant”. In other words, the contract literature rationalized that the workers had to pay to the employer by the amount of appropriate “insurance premium” for the guarantee” of stable long-term employment.

Such shallow “short-run” rationalization by the “contract literature”, without considering the workers’ “collaborative-conscious” intentions, ambitions and endeavors for the development of their respective SLES firms, was nothing but “empty” logical statement. Such logical discussion had something to do with the modern ideology of “short-run” simplistic “proof”, not applicable for “long-run” socioeconomic complex issue”. Thus, the contract literature failed totally in explanation of “Japan Paradox”, by disregarding the “collaborative-conscious endeavors” aiming at long-term employer-employee *mutual trust for mutual benefits*.

Also, many reputed scholars, such as Martin Neil Baily [Baily, 1974], Donald F. Gordon [Gordon, 1974] and Costaz Azariadis [Azariadis, 1975] (among others) failed in explaining the relation between the SLES and “Japan Paradox”, by basing mostly on the typically *short-run-oriented* stationary microeconomic-macroeconomic viewpoints, without examining the *complex, historical, cultural, mental, systemic and long-term* features of the employment system. In other words, they mostly missed the points even as late as in the mid-1970s, without touching the core of the *subject matter* relevant to the complex long-term impacts of the SLES on the socio-economic and psychological atmosphere of postwar Japan.

5.1.2. A Functional Explanation of the SLES

All such “short-run-oriented” shallow academic treatments of the SLES gave a *strong impetus* to the present author to pursue, in his Ph.D. dissertation [Hiwaki, 1979], the prominent features, deep-seated mental-psychological effects and all-out management-labor-household-government joint endeavors. He attempted in his dissertation a more persuasive theoretical and empirical explanations of the SLES that contributed to the rapid postwar reconstruction and development of Japan – “Japan Paradox”. For he was highly interested in a more intrinsic humanity-concerned, socio-economic ideas and norms, *alternative* to the prevailing winner’s self-justifying, self-enriching, short-run theories and arguments.

To begin with, he set the following five mutually overlapping questions to draw some synchronistic and consistent answers to cover all the questions: -

- Why-and-how was *such rapid economic development* possible, starting from “*capital-poor*” postwar Japan?
- Why-and-how was it possible to “*accumulate capital*” *so rapidly*, under the governmental restraining of “*borrowing abroad*”?
- Why-and-how was such *low-and-stable inflation rates* possible in the process of *rapid* economic development?
- Why-and-how the “Stable Long-term Employment System (SLES) helped the *fast-and-synchronous* “*saving and investment*” made possible in the postwar period?
- Why-and-how the SLES made such great contributions to Japan’s development?

The above mutually-overlapping questions were highly important for the author to search for a new and “big-picture” *theoretical framework* for linking such variety of complex questions, as well as to relate to synchronous phenomena for a new theory of development. For this purpose, he came to study Irving Fisher’s theory of interest [Fisher, 1930], F. Ramsey’s mathematical theory of saving based on Fisher’s ideas of consumption and saving [Ramsey, 1928] and Kenjiro Ara’s interpretation of the Ramsey’s mathematical theory of saving [1966].

Since all these predecessors’ studies were “short-run material-oriented” models, the present author made some significant changes to their mathematical formulations, by coming up with a development framework - “Balance Paradigm” framework of socioeconomic development [Hiwaki, 1979, 2011, 2017]. This development framework was to *balance* between the Mental (“Value-Aspect”) and the Material (“Real-Aspect”) development activities, between the aggregate demand and the aggregate supply, and between the gross saving and the gross investment (to be explained later).

5.2. “Collaborative-Conscious” Communal Relations

As seen from the above list of general features, the socio-economically and psychologically *systemized* employment system (SLES) was considered long-term *mutually beneficial* to the management and workforce, so as to induce the “collaborative-conscious” Communal Relations (CR) for designing their “win-win” (plus-sum), mutual, communal and collaborative-conscious development of the respective firms. In reality, however, the SLES was not intended to encourage development of all the existing firms in Japan, nor made all the people benefit. Perhaps, “Japan Paradox” was a sort of “Butterfly Effect” over time. Perhaps, most of old and stagnant firms with “out-of-date” facilities, skills and products did not have a chance to adopt the SLES. In a sense, the SLES encouraged, without intension, the economy as a whole to be rapidly “metabolized and regenerated” to transform Japan in the postwar.

It may not be farfetched to say that the SLES may have helped an important socioeconomical transformation fit reasonably well into the *particular conditions* of post-WWII Japan to hasten re-consolidation of the people for socioeconomic recovery and development. In this regard, the SLES may have worked as an “engine” to transform Japan from “capital-poor” to “capital-rich” by her self-made force of rapid and unprecedented socio-politico-economic breakthrough. Also, it is reasonable to think that, complying with the modern winner’s principle of “*laissez-faire* market competition”, Japan’s private firms had to consolidate whatever ways and means to survive the international “competition” reasonably well.

Thus, the SLES was the-then thinkable best means, perhaps, to increase the labor productivity rapidly, as well as to produce internationally “fashionable” products, by reinforcing the existing socio-economic and psychological “*communal collaboration*” within the respective corporations, so as to achieve quality improvement and internationally “competitive” pricing of their products. For this purpose, the mutually created and reinforced “collaborative-conscious” Communal Relations between the *management and workforce* could strengthen their joint-teamwork (“partnership”) to achieve “quality improvement” as well as “competitive pricing” for *long-term mutual benefits*. In other words, the “collaborative-conscious” Communal Relations (CR) is expected to work for enhancing “*mutual trust for mutual benefit*” and invigorating mutual/collaborative endeavors for the respective SLES corporations.

5.2.1. The Management-side Views of the SLES

- The SLES with the “collaborative-conscious Communal Relations (CR) may *help facilitate* and *smoothen* the long-term personnel planning of reassignments/transfers, as well as *help* the wages rise very gradually.
- The SLES may *help friendly negotiation* between the management and the firm-specific labor union (or “enterprise union”) for profit-sharing of management-and-workforce, as well as *help reduce* workers’ “job-hopping” and quitting.
- The SLES may *help reduce* direct and indirect labor costs in both short-run and long-run, including the opportunity costs of strikes and job-hopping.
- The SLES’s encouragement of long-term settling in the respective corporations of the important workers may *help render* continuity in important skill-succession through on-the-job training, as well as *help reduce* leakage of corporate secrets.
- Also, such encouragement of the workers’ long-term settlement may *help solidify* the employer-employee relation for better collaboration, *help induce* positive attitude for investment in physical-and-human capital, as well as for semi-voluntary QC-circle, and *help increase* labor productivity and *labor-capital compatibility*.
- *The combined effects* of the “compulsory-retirement age”, “once-for-all profit-sharing skewed to the length of employment”, “annual lump-sum employment from schools”, and the “seniority-weighted wage and promotion”, may *help increase* workers’ opportunity cost of “job-hopping”, as well as *help reduce* the firm’s labor costs.
- The SLES with CR may *make possible to postpone lawfully* portions of wages by means of the “short-run and long-run profit-sharing” (namely, bi-annual bonuses and once-for-all retirement allowances) to be able to use, respectively, as part of short-run operational funds and long-run investment funds.
- The *in-firm* health and welfare facilities for the workers and their families may *help smoothen out* and *enhance* CR, as well as *help reinforce* the workers’ sense of identity with the relevant firm (corporation).

5.2.2. The Workforce-side Views of the SLES

Generally agreeing with the management views, the labor tended to emphasize the following aspects of the SLES: -

- The SLES’s “implicit guarantee of long-term employment”, “compulsory retirement age”, “seniority-weighted equitable remuneration-and-promotion”, “seniority-weighted bonuses and retirement allowances”, all together, may *help serve* the workers’ life planning of their income allocations for consumption and saving.
- The work-life long employment may be *able to help avoid* the possible worries, pains and miseries of occasional unemployment and resulting costs of job-search.
- Making a positive/earnest use of the SLES’s “on-the-job training”, the workers may *be able to* enhance their skills, capacities and motivations, ensuring future growth of incomes, as well as improvement of positions over time.
- Also, they may hope to maximize their long-term utilities of self-fulfillment/self-realization, as well as of mental, monetary and material rewards, to be derived from their “communal”

associations/relations in the corporate life.

- The firm-specific labor union (“enterprise union”) may offer the workers an important forum to contribute opinions about improving workshops, work conditions, corporate lifestyles and long-term development of their respective firms, as well as a useful channel to convey the organized opinions of the workforce to the management through “communally-beneficial” negotiations.
- Also, through such negotiations, the management and workforce, together, may improve the *intra-firm* health-and-welfare services, such as health care, recreation and corporate housing for the employees and their families.

6. HISTORICAL BACKGROUNDS OF THE SLES

6.1. Prewar Modernization

When Japan started imitating/emulating at a full speed the Western “ideological market activities” of Modern Civilization, immediately after Meiji Restoration (the restoration of imperial rule), the rich-and-profound human-capital and aesthetic capacity nurtured during the prior 280-year peaceful governance by Tokugawa Shogunate (during Edo period) was mostly thrown into the modern ideologically reductionistic “labor market”. As a result, highly skilled all-rounded employees (engineers, machinists, architects, planners, carpenters, shipbuilders, stonemasons, craftsmen, and so on), in particular, started moving from one employer to another, seeking their “best terms” of employment.

Such unsteady retention of skilled workers was a serious obstacle to a rapid and steady industrialization to produce quality products fashionable in the international market. The-then big financial combines (Mitsui, Mitsubishi and Sumitomo, in particular) began to strive for retaining their skilled workers by their enticing ways and means. For examples, some of them started paying bi-annual bonuses, offering an implicit guarantee of long-term employment, seniority-weighted wage and promotion, and/or providing company housing and health cares for the workers and their families (among other things).

At the same time, they started nurturing modern market-amenable engineers, machinists, architects, managers, planners and other skilled workers, not only by on-the-job training but also by founding their own schools within the respective financial combines. Almost all such financial combines in pre-WWII endeavored to increase their stable skilled-workers loyal to their respective financial combines. To nurture highly skilled loyal workforces, their respective management worked hard to cultivate “mutual trust”, create some “mutual benefits” and institute “mutual purposes” with their respective workforces.

Such prewar endeavors and experiences of financial combines and large corporations became important hints to create the so-called “Stable Long-term Employment System” (SLES) in early 1950s. Most importantly, the SLES produced over time a favorable psychological change in the workforces to reduce the “**time preference rate**” (or to augment their future orientation) closer to the management for the “mutual trust and mutuality of benefits and purposes”. Also, the “collaborative-conscious” face-to-face Communal Relations” was created in the respective corporations to contribute greatly to such psychological change and helped enhance mutually-beneficial changes in the respective corporations.

6.2. Allied Occupation and the U.S. Policy

Regarding the main line of discussions in this Subsection and the next one, the present author owes much to the excellent descriptions of Allied Occupation by Tatsuro Uchino in his book, *Japan's Postwar Economy: An Insider's View of Its History and Its Future* [Uchino, 1978]. Prof. Uchino's explanation of the Allied Occupation of Japan was firmly based on his work with the Economic Stabilization Board, the Economic Deliberation Council and the Economic Planning Agency of Japan.

By the time the defeat came in August 1945, Japan was almost totally destroyed by a variety of ruthless U.S. indifferent air attacks. Japan's economic infrastructure was in a state of ruin, and its population was barely able to survive from day to day. With defeat, Japan had to give up 44% of territory of the Japanese Empire. Even the mountains, lands and rivers of the remaining territory had been laid to ruin. In human term, at least a total of 2.68 million people, including 1.99 million military men and 690,000 civilian population, were recorded dead as war casualties. Worse still, the remaining territory of Japan was crowded with nearly 6 million demobilized soldiers and repatriated civilians from the lost territories, without any prospect of job opportunities. For the cessation of military production threw 4 million people out of work, in addition to the 3 million workers losing jobs from civilian production.

Put differently, a total of about 13 million people (out of about 80 million population) had to struggle for surviving without work.

The leaders of the US Government and the General Headquarter of Allied Occupation (GHQ) were preparing initially very severe punitive plans on the future of Japan. For an early direction from Washington to General MacArthur (the head of GHQ) clearly stated: “You are not to assume any responsibility for the reconstruction or strengthening of the Japanese economy”. They were said to be determined to reduce Japan to an “underdeveloped agricultural country”, never to become a threat in the future. Ambassador Edwin W. Pauley, the head of the first “reparations mission” from the US Government, delivered his final report in November 1946. It recommended that the standard of living that should be allowed the Japanese people was that of 1930, the year of extreme hardship for farmers and workers, due mainly to the Great Depression started in the USA, 1929. The Japanese economy and most of its industrial infrastructure had been already destroyed by the war, and the reparations policy proposed by Ambassador Pauley threatened to deprive the country of what little plant and equipment still remaining. GHQ was to disassemble even the little surviving industrial facilities to be used as part of Japan’s postwar reparations to countries of the Southeast Asia.

The three pillars of GHQ’s economic democratization policies were known to consist of “agricultural reform”, “democratization of labor” and “dissolution of Zaibatsu (the huge financial combines that had dominated the country before defeat). The new Constitution of Japan, drafted under the supervision of the Occupation authorities, represented the climax of a vigorous program that included “demilitarization”, “elimination of the class system and special privileges”, “establishment of parliamentary democracy”, and “the rights of women”. It is well-known that the Allied powers or the Occupation authorities, *by no means*, designed and carried out such sweeping reforms on the basis of any sense of mission or friendly feelings for the Japanese people. The central aims of the democratization program, and of its radical reforms, were the total disarming of Japan and “the complete destruction of the economic and social structure” that had made it possible for the country to wage war.

Such severe “punishment-oriented” policies and reforms resulted in nothing but socio-politico-economic confusion that only delayed economic recovery. In the meantime, prices of daily necessities rose rapidly from the day of Japan’s defeat, and the inflation continued to accelerate at a furious rate, similar in severity to the *hyper-inflation* in Germany immediately after WW I. The Japanese people had no choice but to maintain “a tightrope existence” by trading heirlooms, such as costly kimono, treasured antiques and other possessions mostly at the buyers’ terms of trade, just to survive daily. Many people without such heirlooms, however, had to resort to “family suicide” or stealing/robbery for “day-to-day survival”. Also, a bit luckier people had to give up their cherished morals and/or prides, parting their belongings one-by-one for barter in the black market or in exchange for food from farmers.

6.3. U.S. Policy Change under the Threat of Communism

In the meantime, the relation between the United States and the Soviet Union deteriorated, particularly with the latter’s success in nuclear-bomb tests. Also, the success of the Communists China undermined the nationalist Chiang Kai-shek’s position as leader of a powerful U.S. ally in Asia, who was eventually chased into the island of Taiwan (Formosa). Against such backgrounds, the U.S. Government’s and GHQ’s attitudes toward Japan were *suddenly reversed* from the “harsh-and-punitive one” to the other that called for active efforts to hasten reconstruction of Japan’s economy.

Such drastic change of the U.S. policy now emphasized Japan’s potential role as “bulwark against communism” in East Asia, recognizing that Japan had been only industrial nation in the region. Now, the abrupt reversal of U.S. policy was marked by a conspicuous relaxation of reparations policies, as well as by substantial increases in economic aid, replacing the former relief level only sufficient to prevent mass starvation and disease. (Such economic aid, even though it constituted mostly of a surplus animal feed was highly appreciated by the Japanese people as a generous gift but, to their extreme shock, the U.S. Government made out a substantial bill much later.)

In the midst of very high postwar inflation, the U.S. Government sent to Japan in February 1949 a Detroit banker, Joseph Dodge, as ambassador with the authority to implement effective anti-inflationary policy. The new prescription, called “Dodge Line”, however, was a “drastic deflationary policy”, including; -

- an overbalanced budget
- the reduction and elimination of Governmental subsidies
- suspension of new loans from the Reconstruction Finance Bank
- a fixed exchange rate (U.S.\$1=¥360) and elimination of hidden trade subsidies
- Establishment of “the counterpart fund special account”, meaning funds to be supplied to key industries for plant and equipment investment, and to exporting and importing industries for acquiring foreign capital goods.

Given the *moribund conditions* of Japan’s economy, the Dodge Line adopted a drastic “deadly” deflationary policy, especially the “overbalanced budget policy” and the “immediate adoption of a fixed yen exchange rate”, threw the economy into a “Stabilization Panic”. Although the Dodge Line brought the inflation to an end, Japanese people had to face the ensuing massive unemployment and economic crisis, which left “Year 1949” remembered long thereafter as the *darkest year* in the postwar history. To combat the serious deflation, Japan’s central bank - the Bank of Japan (BOJ) - took initiative to implement a policy, with the tacit GHQ approval, which would channel the Dodge Line-produced fiscal surpluses back into the economy. The BOJ policy is now known as the predecessor of the so-called “Over-loan” phenomenon, in which increases in commercial bank lending exceeded increases in deposits.

In terms of Japan’s postwar economic recovery, highly important to remember was the “ideologically induced” outbreak of the Korean War on June 25, 1950, between North Korea (supported by the People’s Republic of China and the Soviet Union) and South Korea (supported by the United Nations Command led by the U.S.A.), which continued till July 27, 1953. The war triggered an unexpected economic boom in Japan, cooperating with the United States during the war to reduce unemployment and hasten the recovery from the serious “Dodge Line Panic”.

On the other hand, now facing the Korean War, the US Government was highly worried about the rapid rise of domestic inflation from its very high level already. Both the expected increase in production and transportation of necessary weaponry and military equipment to South Korea would require a drastic increase in Government expenditure. Perhaps, it was the very time that US Government started seriously thinking of using Japan as “**bulwark against communism**” in East Asia. Knowing that Japan had been the only industrially developed nation in Asia, capable to produce many of the weaponry and equipment the U.S. wanted for the Korean War. When US Government requested cooperation, the Japanese Government was, perhaps, more than happy to work together with the U.S., thinking of the opportunity for a greater economic activities and quick recovery from the serious “Dodge Line” deflation.

The U.S.-Japan collaboration in the beginnings of the Cold War (or Korean War), by necessity, placed Japan in the Western camp, when the U.S. was very much apprehended that Japan might be brought over into the Communist/Socialist bloc. Such Japan’s full-fledged cooperation with the U.S. in the Korean War also hastened the end of the U.S. Occupation and the signing of the “San Francisco Peace Treaty” in September 1951. The rapid improvement of Japan’s economy, as well as the shift in the U.S. policy toward making Japan “bulwark against communism”, helped speed up the process for the Peace Treaty. In April 1952, it came into effect, with ratification of all signatories. In addition, the signing of the “U.S.-Japan Security Treaty” in May 1952 marked the restoration of Japan’s independence. On May 29, 1952, Japan was admitted to the International Monetary Fund (IMF) and the International Bank of Reconstruction and Development (the World Bank) with U.S. sponsorship, opening the way for Japan to rejoin the international economic community.

Further, the “Korean War boom” brought about a “dramatic” improvement in labor employment in Japan, which had been suffering serious unemployment by the Dodge Line. In the beginning of the boom, large firms attempted to fill their labor requirements through longer working hours and, then, increasing the use of subcontractors and temporary workers. As the boom continued, however, these measures proved inadequate, and Japanese corporations (large firms) began to draw up ambitious plans to hire “stable long-term employees”. Such changes in the private sector were accompanied with a radical shift in the government policy, for the 1951 draft budget clearly indicated a general move toward expansive fiscal policies. With such private and public efforts, a “full-scale” economic reconstruction has started with the introduction of the Stable Long-term Employment System (SLES) with the employer-employee “collaborative-conscious” Communal Relations (CR).

7. OUTLINES OF THE SLES EFFECTS

7.1. Postwar “Japanese Impasse” and “Japan Paradox”

To summarize the present author’s interpretation of the multi-faceted SLES effects, an expanding complex “virtuous circle” might have taken place in post-WWII Japan with the adoption of long-term “communally-oriented” employment system (SLES). For development of the SLES required the “collaborative-conscious” employer-employee Communal Relations (CR) for regeneration, rejuvenation and re-aspiration of the people. The so-called “chain-reactions” went on, as follows, to contribute to the country’s recovery, development and transfiguration from “capital-poor” to “capital-rich” (referring to “Japan Paradox”) [Hiwaki, 1979, 1990, 1991]. The SLES adopted by large “ambitious” corporations derived from the “broken-up” former huge financial combines soon after the defeat in WWII may have propagated the SLES rapidly among many corporations to give rise to the following “chain-reactions” favorable to Japan’s recovery and development.

The “collaborative-conscious” Communal Relations of the relevant SLES firms (“communal firms”) helping transform the respective *communal workforces* into “*de facto* partner” of the *communal managements*;

- The *communal workforce*’s average “present-time preference” declining rapidly (meaning, their “long-term future-orientation” rising rapidly) closer to that of the *communal management* of each *communal firm*;
- The rapidly increasing *communal* saving and investment of each ambitious *communal firm* with rapidly increasing “demand” for its quality products;
- The increasing *communal* human-and-physical investment with advancing technology, helping improve the “labor-capital complementarity” for production of each ambitious *communal firm*;
- The ensuing continual invigoration of the ambitious *communal firms in the economy* helping boost the “labor-and-capital productivities” further;
- The rising productivities of *communal firms* helping feed the “virtuous circle” of *communal* saving and investment;
- The rapidly spreading SLES among large firms in “thriving industries”;
- The nation-wide “invigoration” of economic activities taking place continually on the basis of a rapidly increasing “well-balanced saving and investment”, with the spreading SLES and “collaborative-conscious” Communal Relations (CR);
- Such self-sustaining/expanding SLES-induced “virtuous circle” of balanced rapid saving and investment may have eventually spoke for “Japan Paradox” (meaning the “capital-poor” country becoming “capital-rich and capital-exporting” country within a few postwar decades, without much borrowing overseas.

It is now *crucially important* to warn the reader that the above scenario is based only on the effects simplified by means of the present focus on the SLES with the “collaborative-conscious” Communal Relations. Such a success story of the SLES for the postwar reconstruction and development will be more carefully examined later in this article by providing explanations of theoretical, empirical, political, historical, psychological aspects.

“After successfully adopting the SLES with the collaborative-conscious Communal Relations (CR), the management and workforce tended to establish a sort of partnership. For instance, the workforce of each SLES firm was often referred to Second Management. Very often, the workforce was given a sort of managing role for the relationship between the SLES firm and its stratified subcontractors. Such rather inconspicuous managing was considered highly important, under the Allied Occupation making minute scrutiny of Japanese firms. For the U.S. Government was extremely sensitive and intervention-oriented in economic/business practices different from its “hegemonical-ideological” habit and tradition.

Nevertheless, a drastic transformation of the labor-and-management relationship from “competitive” to “collaborative” was assumed to be the best fitting to the national consolidation of whatever was left for survival and recovery, after the defeat in WWII. What remained was over-abundant, unemployed

manpower with little capital. Only ways-and-means to survive was to, perhaps, rely on the “collaborative-conscious”, empathetic, industrious, diligent, high-spirited, hard-working *manpower*, in the face of badly reduced physical capital in postwar Japan. Perhaps, harmony-oriented *communal firms*’ “collaborative-conscious” management-workforce Communal Relations may have been left for the postwar breakthrough of the serious Japanese impasse.

The Communal Relations (CR), in turn, might have eagerly encouraged the “collaborative-conscious” endeavors to enhance steadily maturing management-and-workforce, steadily improving product quality and steadily cultivating international market assisted by the closely-associated “general trading company” (former important division, respectively, of the Mitsui, Mitsubishi and Sumitomo and other financial combines dissolved by the U.S. order). Thus, the SLES with the CR might have contributed to a tenacious endeavor for cultivating the growing international *demand* for their products.

Further, by appropriately *anticipating* and utilizing *actively* the expectation of worldwide economic growth and trade liberalization, the ambitious *communal firms* may have engaged in and endeavored for the continuous enhancement of *productivity* and *product quality*, during the unprecedented period of long-run economic development in the 1960s. Furthermore, the management and workforce of the *communal firms* may have collaborated very well to help their firms take advantage of the rapidly expanding international market, aiming particularly at gaining the *market-share* of their products, perhaps, more than monetary account of product sales [Hiwaki, 1985, 1986a, 1986b].

7.2. Beneficial Effects of Communal Relations

The Stable Long-term Employment System (SLES) with “collaborative-conscious” Communal Relations (CR), characterized as above, could not be easily adopted even by large firms. A successful adoption depended on the firm, in question, was operating in the growth-oriented industry and maintaining significant “mutual trust and reliability” between the employer (management) and the employee (workforce). Such mental-psychological fostering may usually have taken a very long time, especially in the case of the management (the employer) wanting to maintain the “traditional control” over the workforce (the employee). Initially, perhaps, only large firms that successfully adopted the SLES were the ones having had experiences of stable employment and flexibility of taking “a fresh start” in the postwar politico-economic environment.

Perhaps, highly successful divisions of the former big financial combines (Mitsui, Mitsubishi, Sumitomo, and so on, which had faced the dissolution immediately after WWII) were such firms most qualified to adopt the SLES. For they aimed at “potential mutual benefits” of the management and workforce, by means of their respective “collaborative-conscious” Communal Relations (CR). Probably, it was the reason why the SLES with CR in such corporations had some characteristics of “Big Familism”, meaning both the *communal-firm* employer and employees were treated as members of the *communal* family. Such “Big Familism” was eagerly emulated by many large firms (with more than 1000 regular workers) and medium-size firms (with 100~1000 regular workers), and rapidly growing small firms (with less than 100 regular workers). Often, many successful emulators became subcontractors to the SLES firms.

To begin with, the *implicit guarantee* of long-term employment had to be sincerely maintained by the *communal management* for keeping the collaborating workforce for the firm’s successful future. Such *communal workforce* wanted to secure continuously increasing income for personal-life planning by means of long-term employment, since most of the workers had experienced the prolonged “hand-to-mouth” miseries of joblessness after the defeat in WWII and under the “Dodge Line” deflationary policy. By means of the implicit guarantee of stable long-term employment, the *communal firm* also wanted to recruit every year highly “collaborative-conscious” fresh graduates from various levels of schools.

Secondly, the *compulsory retirement age* set at 55 years old was considered highly appropriate both for the workforce and management. The retirement at 55 implied the expected “work-life spans” of 40 years for junior-high school graduates, 37 years for senior-high school graduates and 34 years for four-year college graduates. With such work-life-spans, both the management and workforce expected the “collaborative-conscious” Communal Relations to make great contributions to the management-workforce collaboration for the firm’s future development. For such purpose, the firm had to maintain

the necessary human-and-physical capital formation to meet the changing demands, as well as the frequent on-the-job trainings for smooth reassignments of workers to successful sections. Also, viewed from the standpoint of workforce, such “work-life span” could provide the opportunities to enhance knowledge, skills and human maturing, as well as the opportunities of life-long planning.

Thirdly, the *profit-sharing* in terms of the bi-annual bonuses and the once-for-all retirement allowance meant to provide the *communal management* with incessantly accumulated funds to be utilized as part of the *communal firm’s saving (Communal Saving)*. Also, the institutionalized profit-sharing meant the probability of minimizing overall labor costs in the long term. When it comes to the *communal workforce*, such profit-sharing scheme offers a variety of opportunities for short-and-long-term plannings for consumption, saving, investment and so on.

Fourthly, the institutionalization of *semi-voluntary “QC Circle”* (quality-control circle for improving the products) run by the *communal workforce* meant a variety of useful contributions to the firm’s future, including recommendations, innovative ideas and broadening the scope of planning, to be suggested by the workers at the respective job sites. Also, such QC Circle meant a broadened opportunity for the management-workforce communication and collaboration for developing their firm as a viable/competitive firm in the domestic and international markets. Further, the *communal workforce* anticipated a greater contribution to refinement of their products and development of more competitive products for brightening their firm’s future, as well as a greater respect to be paid by the *communal management* for the workers opinions and recommendations from variety of job sites in view of the mutual long-term benefits.

7.3. Rising Influences of the SLES and CR

The SLES with CR, as the new “collaborative-conscious” management-workforce relationship (“*de facto* partnership”), may have rendered a substantial influence upon the economy-wide activities and long-run socioeconomic development. Thus, the SLES with CR can be argued for its direct and indirect bearing with the salient transformation of Japan from the state of “capital poor” to that of “capital rich” within a few decades, under the governmental policy of highly limited borrowing from abroad. The following “flow-chart diagram” (Fig. 2) shows an “intuitive-and-logical sequence” of the SLES-related effects on the short-run and long-run microeconomic and macroeconomic variables, during the rapid expansion of the Japanese economy.

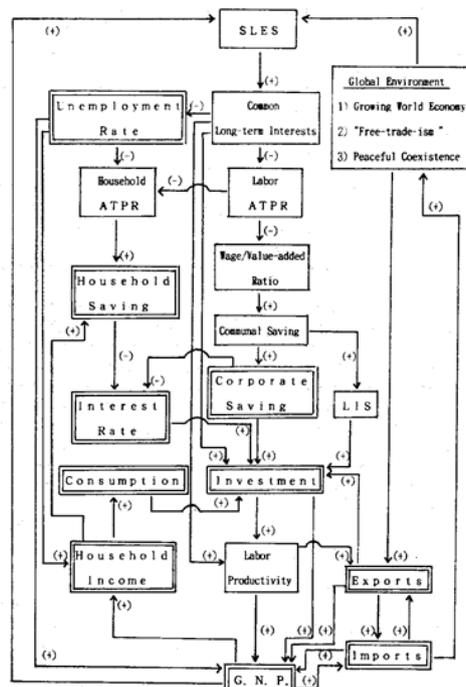


Figure 2. The SLES+CR Effects on the Economy

Introduction of the SLES to major corporations in the economy tended to strengthen the “collaborative-conscious” Communal Relations (CR) between the management and workforce for their mutual long-

term benefits, as well as for rapid development of the respective firms. Such Communal Relations, strong enough to restrain and supersede their short-run conflicts of interests, tended to expand the planning time-horizon, to encourage growing allocation of resources toward on-the-job human-capital formation, to help lower the “average time preference rate (ATPR) of the respective managements and workforces. Here, a lowered ATPR indicated improving *future* orientation of the respective firms.

Such lowered ATPR of the relevant workforce tended to restrain the “now-oriented” demand for rapid wage hike, by preferring a greater increase of future income. The lowered ATPR tended also to reduce the *wage-share* (w/v = the share of wage “w” in the corporate value-added “v”) to increase the corporate “communal saving”, as well as their *investment* for improving the “future” *labor productivity*. Such increase of “communal saving” pushed up the *aggregate corporate saving* of the economy. In the meantime, the “communal saving” of each *communal firm* may have often functioned partially as the *Labor’s Interest Subsidy (LIS)* for the firm’s increasing “bank-loan-financed” investment in plant and equipment corresponding to technological innovation.

Since the Communal Relations (CR) having been deeply rooted in the rapidly developing *communal firms*, both the management and workforce lowered continuously their ATPR to augment the long-term-oriented motivation for human-capital formation and the other investment. This future-oriented process of the SLES firms helped the labor productivity rise rapidly and also the “better-quality” exports increase, further stimulating the economy’s overall activities to expand GNP/GDP. Such continuing *economic development* accelerated to help lower ATPR further of the *communal workforces*. Together with a rapidly growing income of the household sector, the declining ATPR, tended to increase the *gross saving of household sector*. Now, the rising corporate and household savings, together, tended to help balance the rapidly increasing *aggregate investment* and maintain a stable-low inflation rate of the national economy.

In other words, the well-settled Communal Relations (CR) of the rapidly developing *communal firms* contributed to the rapid and well-balanced increases of the total household-and-corporate savings and the economy’s gross investments. In the meantime, many of the large subcontractors of the large SLES firms became capable to adopt the SLES with CR to help reinforce the ever-rapid development of the national economy. Consequentially, the economy has accelerated the process of capital accumulation on the way to a “capital-rich nation”. Such long-term effects of the SLES with CR on the national economy is depicted in the above diagram, where the series of positive (+) and negative (-) effects are shown in Microeconomic activities (surrounded by *single rectangles*) and Macroeconomic activities (surrounded by *double rectangles*), respectively.

8. THE SLES AND ‘JAPAN PARADOX’

8.1. Collaborative Workforce and Postwar Economic Development

To think of the contribution of workforce to the postwar economic development, two largely demarcated approaches are considered highly important. One reasonable approach is to place the workforce as “particularly important factor” for the development in the postwar case of Japan. The other approach is to discuss the postwar changes of motive, function, quantity, quality (among other things) of the workforce, as well as of working conditions. The purpose of the present discussion covers both the approaches broadly, at least. Thus, the workforce contributions will be taken up to explain the rapid and paradoxical postwar reconstruction and development of Japan by establishing the SLES with the “two-tier structure of firms” (the SLES corporation and Subcontractors) in major growth-oriented industries.

It is well known that workers connect households and firms, by offering productive services to the firms and receiving, in return, the household income from the firms. When focusing Japan’s postwar development, the SLES that spread among many large firms (“*communal firms*”) gave rise to a *qualitative* change in the ties and relations between the respective *communal firms* and *communal workforces*. Now, the latter contributed part of “household savings” to the former in a manner to help increase the latter’s investments. The “household savings” (in quotations here), included the usual household savings and also saving in the form of “monthly in-firm saving deposits” of the *communal workers* (with somewhat higher interest rates than usual bank-deposits) in many *communal firms*.

Such “monthly in-firm saving of the workforce” was in addition to a *sort of* “work-life deposits” at the firms for future retirement allowances. In other words, such in-firm saving of the *communal workers*

may have suggested both their trust of the relevant *communal management* and their strong will to contribute even *financially* to market competitiveness of the relevant *communal firm*. This kind of “in-firm deposits” as part of such “household savings”, stemming from the real wage-income of the *communal workers*, could potentially be utilized as part of investment fund and/or a standby reserve of the *communal firm*, similar to the case of the firm’s accumulated fund for once-for-all retirement allowance. Neither the modern economist’s understanding of “labor” nor the reductionist’s abstract “unit of labor” can capture such *precious value of communal workers’* complex mental features.

Such added *contributions* may have largely corresponded to the steadily lowered “time preference rates” of the *communal workforces*. Both implied their strong *intention* of investing a portion of “potential wage increase” in the relevant SLES firms. These behaviors of *workforces* can be deemed as “*de facto* partners” of the respective *communal managements*. Accordingly, such spirit of the *workforces* may have promoted the rapid and paradoxical postwar development of Japan, as well as helped maintain stable low-inflation rates during the 1950s-1960s. In other words, the rapid pervading of the SLES may have *indirectly helped encourage* the respective *communal workforces*, in particular, to increase their “household savings” rapidly. This hypothesis indicates that the *workforces* collaborated with the respective *managements* for rapid increases of the *communal* corporate savings and “physical-and-human” capital formations. Such coordinated actions made it possible the well-balanced savings and investments for the high and lengthy accumulation of capital stock in the postwar era.

The hypothesis aimed at drawing well-concerted answers to the following overlapping questions to add a new view and understanding of postwar Japan: -

- Why/How was it possible for Japan to develop rapidly, starting from the extremely capital-poor postwar condition?
- Why/How was it possible to accumulate capital rapidly with the self-restrained borrowing from abroad?
- Why/how was it possible to keep the inflation rates at rather low levels in the process of rapid development?
- What factors made it possible to increase rapidly the savings and the investments simultaneously over the postwar era?
- In terms of an overall effect, what influences did the SLES exert on the postwar development of Japan?

With such questions and answers, together, a new holistic and systemic understanding of the SLES-effects on postwar Japan was elaborated in the present author’s doctoral dissertation [Hiwaki, 1979] and his five articles (written in Japanese), viz.: “Corporate Accumulation Japanese-style: Self-Proliferation of the Communal Firm” [Hiwaki, 1985]; “A Japanese Phenomenon in Capital Market: the Communal Firm’s Capitalization Mechanism [Hiwaki, 1986a]; “The Stable Long-term Employment System and Changes in the Structure of Japanese Comparative Advantage” [Hiwaki, 1986b]; “Personal Saving Japanese-style (I): Prelude to a New Hypothesis” [Hiwaki, 1987a]; and “Personal Saving Japanese-style (II): Proposition of Communal-and-Private Properties Hypothesis in an Attempt for a General Theory of Personal Saving” [Hiwaki, 1987b]. Also, such new and systemic understanding was partially introduced in two articles (written in English), as mentioned already, viz.: “The Stable Long-term Employment System of Japan: A Microeconomic Perspectives” [Hiwaki, 1990]; and “The Stable Long-term Employment System and Postwar Economy of Japan” [Hiwaki, 1991]. In the following section, some important *theoretical* consequences will be discussed summarily.

8.2. ‘Japan Paradox’ and Heckscher-Ohlin Theorem

The phenomenon called “Japan Paradox” implied that the capital-poor country became the capital-rich country within a few decades of post-WWII Japan, by scarcely borrowing from abroad. This phenomenon became famous, owing to its *direct contradiction* to the-then famous and well-accepted “Heckscher-Ohlin Theorem” [Heckscher, 1919/1949], [Ohlin, 1933], [Samuelson, 1969]. In “Heckscher-Ohlin Theorem”, Eli Heckscher stated:

..... The increase in interest rate which international trade brings about in a country with a plentiful supply of capital, for example, will increase savings in that country: the corresponding effect in a country with little capital will be an increase in wages and a decrease in the rate of interest as well as a decrease in savings.

This statement can be rephrased in details, as follows: -

A capital-rich country opening up for international trade, on the one hand, will import labor-intensive goods and produce a greater quantity of capital-intensive goods than otherwise for domestic consumption and export. As a result, the demand for capital will increase to raise the domestic rate of interest, and the rising interest rate, in turn, will increase savings to be followed by a further accumulation of capital. In the meantime, the declining demand for the labor-intensive goods produced domestically will make decline of the “derived demand” for labor to reduce the domestic wage rate. On the other hand, a capital-poor country will specialize in the production of labor-intensive goods and export them in exchange for the capital-intensive goods produced by capital-rich countries. The resulting effect will be increases in labor demand and wage rate, and decreases in capital demand and interest rate. And, there will be ensuing decreases in savings and capital stock.

Heckscher obtained the above conclusions based on the “usual classical assumptions”, such as domestic free market competition, free international trade and international immobility of factors, and an additional assumption of “elastic supply of factors”. Boiling down the ideas expounded by Heckscher, one may surmise, as follows: the “factor prices” (meaning, wage rate of labor and interest rate of capital) tend to be equalizing among the trading countries and the gap of capital holding continue to expand among them. Leaving aside the proposition of “factor-price equalization”, one may confidently state that the proposition of “expanding capital gap” is difficult to prove in reference to the postwar Japanese economy.

Starting with a very limited stock of capital, Japan moved with long-rapid strides to accumulate capital in the postwar era, despite the government’s strict control against borrowing from other countries. The Japanese economy, for about a decade after the independence obtained in May 1952, had a “comparative advantage” in labor-intensive products, such as textile goods and other light-industry products. It, however, gained a comparative advantage in capital-intensive products, such as automobiles, electric machinery-and-appliances and instruments. Such products grew soon to share over 70 percent of Japan’s total exports before “Nixon Shock” in 1971, which was generally understood as the US reaction to the unexpectedly fast development of Japan.

The above phenomenon apparently contradicted the Heckscher-Ohlin Theorem. The *present purpose*, however, is “not to refute” the “Theorem” but to delve into some “important causes” of “Japan Paradox”. There immersed some *unprecedented* conditions *special to* the Japanese economy, such as the SLES and the “collaborative-conscious” labor-management relations called “Communal Relations” (CR), which could *never* be expected by Heckscher when formulating the Heckscher-Ohlin Theorem under the then existing theories and practical evidences. For example, the emergence in Japan of the SLES with CR may have *discouraged* “free inter-firm mobility of labor”, which tantamounted to hindering “free market competition” for *labor*. The absence of “free labor market competition”, however, did not mean to deny “labor competition” itself. For a rather intensified labor competition emerged within each SLES corporation, which seemed to encourage the in-firm efficient allocation of labor.

8.3. Acceleration Effects of the SLES+CR on Capital Formation

In view of the *highly restrictive* influence on “labor mobility” within the economy, it is worthwhile to investigate the SLES+CR for a clue to the rapid capital formation. Such capital formation took place to coincide with the diffusion of the well-working SLES+CR among large and potent firms, in particular, within export-oriented industries, throughout the accelerated development era between the 1950s to the end of the 1960s. In other words, it was highly probable that the restriction of labor mobility had *something positive* to do with the rapid accumulation of capital, as well as the *mutually compatible increases* of capital and labor, to accelerate the economic development. How the SLES+CR could encourage an accelerated capital formation is the question to be answered now, in order for the present argument to make any meaningful contribution to the state of knowledge.

The narrowly defined SLES, on the one hand, may only imply “a tacit/implicit understanding” between the workforce and management that a worker, once joining the *communal firm*, is expected to stay with it until the stipulated retirement age, and that his employer will not discharge the worker until the retirement age, except under some extreme circumstances. When it is broadly interpreted, on the other hand, the SLES reveals clearly its systemic nature that may include a variety of features, in addition to

“tacit/implicit understanding” between the management and workforce. The usual features are: a seniority-based wage structure; a gradual-and-orderly promotion; a firm-specific labor union; an annual lump-sum employment of various fresh school-graduates; a continual on-the-job training; a paternalistic attention to the welfare of workers and their families; and a sort of profit-sharing through bi-annual bonuses and once-for-all retirement allowance.

Such broad nature of the SLES indicates an intricate socio-economic arrangement that produces the firm-specific Communal Relations (CR). Put differently, such broad working-definition of the SLES suggests a systemic arrangement conducive to the management-workforce solidarity, as well as the “Communal Relations” among all the constituents of the *communal firm* (the SLES firm). Such solidarity and communal relations may have induced important *common long-term interests*, such as prosperity of all the firm’s constituents. The *long-term* communal interests, in turn, may have overcome the *short-term* conflict of interests in wages and other working conditions.

Also, such long-term interest in the management-workforce solidarity may have encouraged an accelerated physical-and-human capital formation under the incessant technological changes that required mutually corresponding enhancement of physical and human capitals, for the future prospects of the firm’s constituents. In reality, there may have been many twists and turns, before the SLES inducing a psychological change among the workers toward investment-enhancing mentality and accomplishing actual stepped-up investment. For simplicity, the following “intuitive” analysis will narrow the broad target to “lowering the average worker’s *time preference rate*” (meaning, lowering the wage share in the *communal firm’s* value-added) to increase the profit share that accelerates the *communal firm’s* saving, investment and capital stock.

To begin with, it is important to explain the assumption of initial time-preference rates of the average employer and the average worker. The average employer is assumed here as one who has already committed a bundle of his productive resources, such as a substantial block of time, as well as financial, physical, human and psychic resources, to a particular firm on a long-term basis. In order to make such long-term commitment and forgo some important portion of consumption, he/she must have had a relatively low rate of time preference and a relatively large sum of productive resources.

Making such a long-term commitment, the average employer may be, most likely, motivated to protect his/her vested interests in the firm. For protection of such vested interests, the “collaborative-conscious *management-workforce* Communal Relations” (CR) is, perhaps, most useful for encouraging *steadily maturing* of all the firm’s constituents, through an enhanced human-and-physical capital formation. Such CR may, most likely, reduce over time the average “time preference rate” of all the constituents, for the common interests in the firm’s long-term development and the *management-workforce* joint benefits. Such a gradual *psychological change* can be achieved by the constituents’ enhanced personal maturing, as well as by their augmented knowledge/skills through on-the-job trainings.

Needless to say, the economic liberalist Friedman’s argument for “shareholder sovereignty of corporation” (or “shareholder ownership of corporation”) has been considered too simplistic and incorrect, not only in view the postwar Japanese SLES+CR, but also Western historical definition of “*corporation as legal person*” that cannot be owned by just being as the relevant shareholders. In the next section, three theoretical explanations of the relevant favorable effects of the SLES+CR, which are too technical in nature for those readers who are not well-versed with economic theoretical analyses. Such technical portions can very well be skipped for proceeding to the rest of this article.

9. THEORETICAL APPROACHES TO THE SLES

In this section, three theoretical approaches are taken to relate to the adoption of SLES with “collaborative-conscious Communal Relations, in view of its favorable influences upon the postwar Japanese economy. The most essential theoretical approach here is “Time-Preference Framework”, that may suggest a long-run shift of the SLES firm’s *psychological time-frame* toward a “long-term future preference”. Such time-frame shift will be considered as the most important influence of the SLES+CR. For the rising “future-orientation” may have invited the solidarity of the *communal workforce and communal management* for future mutual benefits. The rising “future-time preference” may have gradually propagated over time the future orientation of *general public*.

The second theoretical approach, “Bilateral-Monopoly Framework” may suggest that the well-coordinated collaborative-conscious *communal management* and *communal workforce* can produce “a greater output with a lower cost” over time than the case of ideal short-run “perfect market competition” of Modern Economics. Here, the *monopoly* seller is the *enterprise union* of *communal workforce*, selling the *labor services*, while the *monopsony* buyer of the *labor services* is the *communal management*. The third theoretical approach, “Interdependent-Utility Framework” may suggest a “public good” function of the SLES to increase the “joint benefits” by means of the collaborative-conscious endeavors of the *communal management* and *communal workforce*.

9.1. Theoretical Approach (I): Time-Preference Framework

For the “time preference” approach to the SLES, its *preliminary assumption* already suggested in the previous section are:

- The “average employer” (*management*) has already committed a bundle of his/her productive resources to the relevant firm on a long-term basis.
- The “average employer” has a “lower time preference rate” (meaning a lower “present-time” preference rate) than the “average employee” (*workforce*).
- The “average employer” pursues sincerely the SLES and the “collaborative-conscious” Communal Relations (CR), to help encourage the “average employee” having a communal spirit and solidarity with the employer.

It is also assumed that, through the *management’s* sincere practice of the SLES+CR, the *workforce* reacts positively to their current productive activities, “on-the-job trainings” and “higher” future compensations. Such *compensations* may include monthly wages, bi-annual bonuses, lump-sum retirement allowances and the betterment of working environment, welfare facilities, a continuous long-term job security and a steady promotion opportunity, along with the firm’s long-term development and prosperity.

Such long-term potential compensations (rewards), in terms of money, kind, welfare and psychic satisfaction, may induce a decline in the average workers’ *time preference rate* closer to that of the management, as well as enhance the *workforce’s* solidarity with the *management*. Also, such rewards may increase the present value of lifetime earnings (in money and kind) of the average worker, whose identity with the firm may grow stronger, along with rising his *seniority* and growing his *motivation* for human-capital formation.

Now, it is likely that the growth rate of “average wage” relative to that of the “average value-added” (“wage share” = w/v) may decline steadily. The declining “wage share” may mean the growing “capital share” (or “investment share”), to raise the “value-added” more rapidly than that the “wage rate” over time. The impact of the SLES upon the “average wage” over time can be analyzed in terms of the present “time-preference framework” that follows Irving Fisher’s “intertemporal indifference schedules (“indifference curves”) and budget constrains (“budget lines”) [Fisher, 1954/1930].

In order to facilitate a “pseudo-dynamic” (long-term) analysis, a long-term Interim Duration between Period 0 and Period 1 is introduced to the *intertemporal* diagram below (Fig. 3). One of the analyses to be attempted in the following is of the relations between the “per-worker wage” and the “per-worker value-added” (w/v), *with* or *without* the SLES practice of the relevant firms. In the following, the “strictest assumptions” (the *most restrictive case*) is taken up for simplicity: -

- The *initially* growth-oriented 3 large firms in the same booming industry (Firm X, Firm Y, Firm Z) are compared in Fig 3, where Firm X and Firm Z *attempt* to adopt the SLES in the Interim Duration between Period 0 and Period 1. Firm Y, however, remains as caterer (“*Competitive Firm*”) to “competitive labor market”.
- The *average employer* of the respective *Communal Firms* (“*communal management*”) has initially a much lower time preference rate than that of the *average worker* (“*communal workforce*”). As the *communal management* adopts *successfully* the SLES practice, the time preference of the *communal workforce* adjusts gradually to that of the *communal management* during the Interim Duration.
- The *unchanged social discount rate* is indicated by the *constant* slope of the 2 *intertemporal budget*

lines, namely, $(V'0-V0)$ and $(V'1-V1)$.

- The wage per worker (W) is assumed *equivalent* to the consumption per worker (C).
- Each firm's "per-worker saving" (S) is assumed *equivalent* to the "per-worker investment" (I) in Period 0 and Period 1. In other words, it is assumed that "the per-worker value-added" (V) minus (-) "the per-worker wage" (W) is equivalent to the "per-worker saving" (S) in Period 0 and Period 1.
- The value-added per worker of the 3 firms grows at the same rate in Period 0.
- Firm X and Firm Z attempt to adopt the SLES, but Firm Y does not.
- The value-added per worker and the wage per worker in Period 0 are exactly the same among the 3 firms, implying the equal quality of the three Workforces.

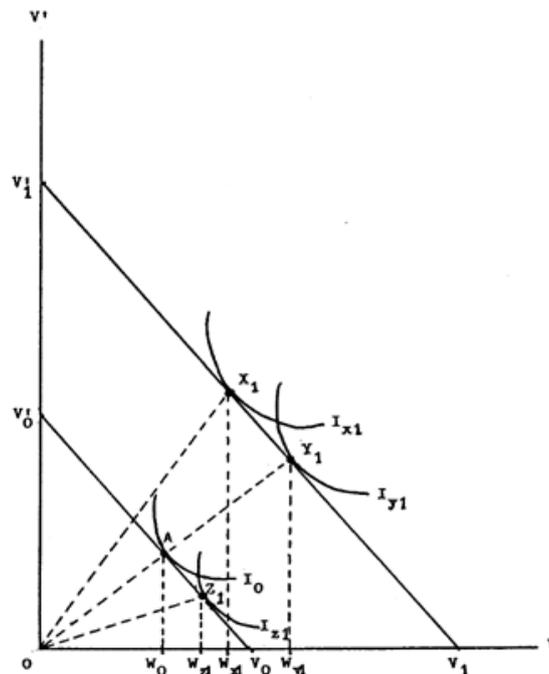


Figure 3. "Time-Preference" Inter-temporal Analysis

In the above two-dimensional diagram (**Fig. 3**), the horizontal axis shows both the *current* "per-capita wage" (W) and per-capita "value-added" (V). The vertical axis shows the *expected future* per-capita "value-added" (V'). The *budget constraints* $(V'0-V0)$ in Period 0 and $(V'1-V1)$ in Period 1 are placed before and after the Interim Duration. The level of "average wage" (as assumed equivalent to the "average consumption") of the 3 equally *growth-oriented* "Competitive Firms" (X , Y and Z) are exactly the same in Period 0.

Now, Firm X adopts successfully the SLES (becoming *Communal Firm X*) during the Interim Duration, but Firm Z fails to adopt it. This means that the SLES *Management* and *Workforce* run jointly *Communal Firm X* in Period 1, based on their "collaborative-conscious" Communal Relations (CR). This implies that the *Workforce* becomes a sort of "partner" to the *Management*. To become *Communal Firms* during the Interim Duration, Firm X and Firm Z must make *successfully*, at least, the following preparations: -

- Establishing a "collaborative-conscious" Communal Relations
- instituting a "enterprise union" for Communal Relations;
- instituting a Quality Control Circle (QC Circle) for enhancing Communal Relations;
- determining the "retirement age" for the firm's regular workers;
- determining the selection criteria for employing fresh graduates from various schools;
- establishing a well-coordinated wage structure and the promotional criteria;
- Establishing profit-sharing plans (biannual bonuses, retirement allowances, etc.);
- Establishing welfare facilities for the *Communal Firm* constituents.

The labor market's initial wage-determinations for three Competitive Firms (X, Y and Z) in Period 0 are made at Point A, on the same *budget constraint* (V^0-V_0). In Period 1, all the 3 firms have their respective wage-determination points, viz., Firm X at Point X1 on the *budget line* (V^1-V_1), Firm Y at Point Y1 on the *same budget line* (V^1-V_1) and Firm Z at Point Z1 on the *initial budget line* (V^0-V_0). Successfully establishing the SLES+CR, Firm X's new Ray in Period 1 ("dotted line from the Origin") moves closer to the Vertical Axis, meaning that the "present-time preference rate" in Period 1 is *lower* than in Period 0. Now, Firm Y shows the constant slope of Ray between Period 0 and Period 1, indicating the *unchanged* "present-time preference rate". When it comes to Firm Z, failing to establish the SLES+CR, its new Ray in Period 1 moves closer to the Horizontal Axis, meaning that the "present-time preference rate" in Period 1 is *higher* than in Period 0.

A relatively lower per-capita wage (W_{x1}) for *Communal Firm X*, compared to the per-capita wage (W_{y1}) for *Competitive Firm Y*, represents the difference in the time-preferences in Period 1. The lower wage of *Communal Firm X*, however, may not continue after Period 1. Its time-preference being steadily lowered, *Communal Firm X* can make an increasing capital formation and labor productivity than *Competitive Firm Y*. For the former's wage rate rises "sooner-or-later" higher than that of the latter's, while the wage share (W_x/V_x) declines lower than the latter's (W_y/V_y). The wage difference between Firm X and Firm Z in Period 1, however, indicates the former's success and the latter's failure of adopting the SLES+CR.

Firm Z's failure to adopt the SLES+CR, perhaps, by a serious "internal division" during the Interim Duration, the workforce loses trust the firm and management, resulting in the arise of "present-time preference" to induce the firm's stagnation in Period 1. Thus, the wage-determination is now made at Point Z1 on the *initial budget constraint* (V^0-V_0), where a shift of the Ray indicates the workforce's rising "present-time preference rate" in Period 1, resulting in the wage rate (W_{Z1}) that is lower than (W_{X1}) of *Communal Firm X* and *much lower* than (W_{Y1}) of the *Competitive Firm Y*. In other words, Point Z1 reflects the *highest* time-preference among the 3 firms in Period 1. Such a firm may go bankrupt before long, for the workforce, most likely, abandons the firm soonest possible. The example of Firm Z suggests that firms want to emulate the SLES without the capacity to establish "collaborative-conscious" management-workforce *Communal Relations* (CR), among other things, may bring about its own ruin.

A simple story with our strictest assumptions now concentrates on the comparison of *Communal Firm X* and *Competitive Firm Y*. In Period 0, both firms allocate their same value-added between the wage-share (W_0/V_0) and capital-share [$(V_0 - W_0)/V_0$]. In Period 1, *Communal Firm X*'s "average wage" rises to (W_{x1}) which is somewhat lower than *Competitive Firm Y*'s "average wage" (W_{y1}). Given the same budget line ($V^1 - V_1$), the difference of wage rates may indicate that *Communal Firm* has the capital share [$(V_1 - W_{x1})/V_1$] greater than that [$(V_1 - W_{y1})/V_1$] of *Competitive Firm*. This may suggest that *Communal Firm* has a greater investment fund than *Competitive Firm*. On assumption of the former's present-time preference continues to decline in the future, the former's each sequence of effective investment may **exceed** that of the latter, to increase the former's wage rates much above that of the latter. Consequentially, the former can easily overwhelm and marginalize the latter.

Firm X being reestablished as *Communal Firm X*, its "collaborative-conscious" management-workforce endeavors may be well rewarded over time, by means of "the resilient and mutually beneficial development"; "the long-term harmonious management and workforce"; "the collaborative-conscious *Communal Relations*"; "the constantly enhancing human-and-physical capital formation"; and "the cost-reducing, benefit-increasing, successful long-term productive activities". When such *Communal Firm* to increase rapidly in number, as well as to prevail nationwide, both the gross saving and the aggregate investment may increase rapidly and coherently over time by keeping rather low and stable inflation rates. Then, "capital-poor" Japan could become "capital-rich" (with the purposefully minimized borrowing from other countries) to produce a phenomenon such as "Japan Paradox". The above analysis is based on the highly restrictive "three-firm, two-period and one-Interim-Duration model", but a more relaxed model may not significantly change the major results.

9.2. Theoretical Approach (II): Bilateral-Monopoly Framework

The SLES tends to discourage "industry-wide labor unionism", as well as "inter-firm mobility of labor", and to enhance the workforce's identity with the *Communal Firm*, by letting the workforce well-being

be closely tied with the firm's prosperity and development. As a result, the workforce of the *Communal Firm* may be inclined to organize itself in a manner uniquely suited to the relevant firm. Such a workforce organization is called "firm-specific union" or "enterprise union" (as against "industrial union" or "trade union").

An individual "enterprise union", which is solely composed of the relevant firm's regular workforce (*communal workforce*), can be considered as "monopolist" ("the sole seller") of the relevant labor services in the context of the *intra-firm* labor market. Its counterpart, namely, the *communal management*, is "the sole buyer" of the labor services and, hence, can be deemed as "monopsonist". Thus, under the SLES, a *bilateral-monopoly relationship* tends to prevail within the individual *Communal Firm*, for determination of workforce quantity, wage level and wage ratio (W/V).

When it comes to the determination of *workforce quantity*, it is tautology that a bilateral monopoly in the *absence of collaboration* between the monopolist and the monopsonist, tends to employ a smaller quantity than that in a competitive labor market, at the given demand and supply conditions. It is, however, well known that no similar comparison is possible a priori, with respect to the wage level (and also the wage share) between the bilateral monopoly and the competitive market. Such comparison requires additional assumptions regarding the respective "bilateral-monopoly firms" (the SLES firms = the *Communal Firms*), as to whether a "common interest" in the long-term mutual benefits is well established between the monopolist and the monopsonist, as well as what development prospects the relevant firm has in the long run.

Here, a simple diagrammatical comparison of the wage levels and the wage ratios will be attempted in **Fig. 4** with the following assumptions: -

- Two representative firms (belonging to the same "thriving" industry) to be compared here are *Firm X* and *Firm Y*. Both of them employ their respective workforces in Period 0, by catering to the "competitive labor market".
- *Firm X*, steadily developing in Period 0, adopts successfully the Stable Long-term Employment System (SLES) in the beginning of Period 1.
- *Firm Y*, equally developing in Period 0, caters continually to the same "competitive labor market" in Period 1.
- The initial "quantitative" supply conditions, namely, the initial stocks of human-and-physical capitals and technology, are exactly the same for the two firms.

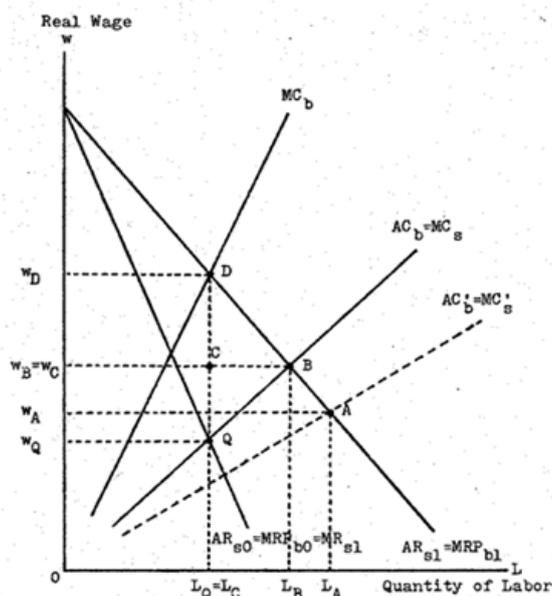


Figure 4. Bilateral-Monopoly Analysis

Now, with the expansion of "product demand" in Period 1, "the derived demand curve for labor" ($AR_{s0}=MRP_{b0}$) shifts to ($AR_{s1}=MRP_{b1}$), while "the supply curve of labor" is assumed to remain at the

same place in the *competitive* labor market. Then, the new employment equilibrium for *Competitive Firm Y* is found at Point B (intersection of demand and supply in the *competitive* market). This means that the new labor quantity required is located at (L_B) on the horizontal axis and the new wage level at (w_B) on the vertical axis.

In the case of *Communal Firm X* which adopts successfully “the SLES” in the beginning of Period I, “the labor supply curve” tends to shift to the right (for example, to $AC_b=MC_s$), and “the derived demand” for labor is assumed to remain the same ($AR_{s1}=MRP_{b1}$), then, the new equilibrium for *Communal Firm X* can be found at Point A. The resulting labor quantity required is shown by (L_A) and the wage level is shown by (w_A). This indicates that *Communal Firm X* may be able to increase the *quantity* of labor and improve the *quality* of its products based on a greater quantity of labor services at lower wage level than the case of *Competitive Firm Y*.

If the different employment conditions will continue over time between *Communal Firm X* and *Competitive Firm Y*, with rapidly increasing demand for their products, the former will be able to raise its wage level and workforce quantity much faster than *Firm Y*. For *Communal Firm X* may maintain an increasingly greater potentiality to make human-and-physical capital formation to expand the product share in the industry and even to “marginalize” *Competitive Firm Y*. In short, given the simplified conditions, as above, the SLES firm (*Communal Firm*) with “collaborative-conscious” Communal Relations (CR) tend to overwhelm *Competitive Firm Y*. Such superiority of *Communal Firm* may be kept in the long-term, even with significant relaxation of the above simplified conditions.

9.3. Theoretical Approach (III): Interdependent-Utility Framework

Since the practice of the SLES with “collaborative-conscious” Communal Relations (CR) tends to encourage a long-term increase of the future management-workforce *joint benefits*. Such employment practice (SLES) can be treated as “public good” in the short-run “interdependent-utility framework”. The *common interest* of the management and workforce for future growth and prosperity of the relevant *Communal Firm* seems to concur with Paul Samuelson’s definition of “public good”: “Public good is one that enters two or more persons’ utilities” [Samuelson, 1969]. Also, it is well-known that “public good” refers to *potentiality* of joint benefits. The definition of “public good” also stipulates *non-rivalry* and *non-excludability* in its “consumption” (meaning, “utility” in the present case).

The “public good” idea is basically for a “short-run” approach, for it does not include a long-term factor that encourages maintenance of “*relational mutuality*” between the participating actors’ “*steadily maturing feature*”, on the basis of “collaborative-conscious” Communal Relations (CR). With respect to all those who are covered by the SLES, namely, the management personnel and the regular workers, however, the conditions of *non-rivalry* and *non-excludability* may be partially applicable as far as mutual benefits are concerned. A diagrammatical approach which was first adopted by Erik Lindahl [Lindahl, 1967], may support the present discussion on the SLES and its effects. Thus, a “public good” analysis of the Stable Long-term Employment (SLES) is attempted, as depicted in the above diagram (Fig. 5).

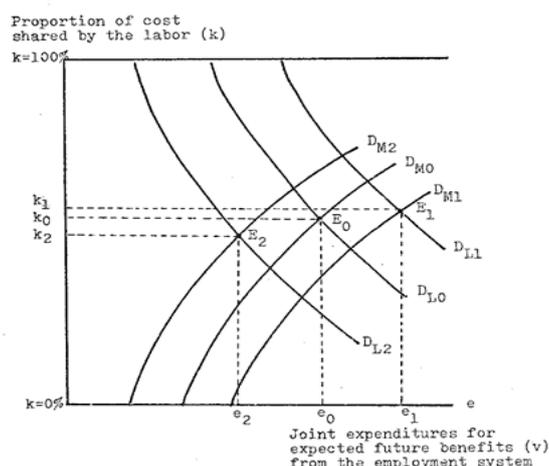


Figure 5. *The SLES as Public Good*

The “current joint-expenditures” (e) shown on the horizontal axis are meant to be a “proxy” for potential and unknown future-benefits from the employment practice. On the other hand, the “expected future joint-benefits” from the employment practice refers to jointly expected long-term benefits in terms of *present value* (v), which can be expressed as $vi = \sum_{i=1}^n \frac{P \times B}{(1+r)^i}$, where “P” (probability) represents a relevant degree of certainty with respect to future benefits, “B” (benefits) a relevant magnitude of long-term benefits, “r” a relevant interest rate, and “i” a relevant number of future employment years ($i = 1, 2, \dots, n$). This “formulation implies that an increase in “P”, “B”, “i”, or decline in “r” tends to *improve the present value* of expected long-term benefits from the SLES.

The vertical axis of Fig. 5 measures a fraction (k) of the unit cost, which is the cost currently incurred for potential future benefits from the SLES practice. The respective fractions, such as, k_0, k_1, k_2 , represent the respective proportions of the given unit cost shared by the firm’s workforce (L) and $(1 - k_0), (1 - k_1), (1 - k_2)$ by the management (M), which are determined by the respective intersections (E_0, E_1 and E_2) between the workforce’s demand curves (DL0, DL1 and DL2) and the management’s offer curves (DM0, DM1 and DM2). The management’s offer curves are nothing but the management’s demand curves drawn upside down. Thus, the management’s shares of the unit cost are $(1 - k_0), (1 - k_1)$ and $(1 - K_2)$, respectively.

The initial equilibrium point (E_0) represents establishment of the *common interest* between the workforce and the management by adoption of the SLES. At this equilibrium point the workforce and the management make a joint expenditure amounting to (e_0), of which they bear the cost fractions (k_0) and $(1 - k_0)$, respectively. A shift of the equilibrium to the right (E_1 , for instance), on the one hand, implies a strengthened *common interest*, a greater optimism for future benefits, and higher joint-expenditure (e_1). This higher joint-expenditure (e_1) means a greater share of the current value-added allocated to saving and investment. The rightward shift of the equilibrium also indicates a future expectation of greater benefits ($P \times B$) and a lengthening of the average duration of employment (i), owing to the enhanced joint efforts of the workforce and the management. Then, a rightward shift of the equilibrium represents the case of the “fast-growing” SLES Firms. Incidentally, although the figure indicates an increase in the workforce share of the current expenditures (k_1), the share remains the “same”, “increase” or “decrease”, depending upon the relative rightward shift of the respective demand curves.

On the other hand, a leftward shift of the equilibrium to (E_2) implies the opposite, namely, a weakening of the *common interest*, a diminished optimism for future benefits, lower current joint-expenditures (e_2), and a smaller share of the current value-added allocated to saving and investment. Again, the relative shares in the current joint-expenditures between the labor and the management depend on the relative leftward shifts of the respective demand curves. In this case, the expected future benefits ($P \times B$) and the average employment duration (i) tend to decline over time. Then a leftward shift of the equilibrium indicates the case of the “stagnating” SLES Firm.

It is quite clear from the present approach that both workforce and management are inclined to contribute to maintenance and reinforcement of the SLES, as far as the “potent” *Communal Firm* is concerned, for enhancing further development and prosperity. This analysis also suggests that the average duration of employment (i), the degree of certainty in future benefit (P) and the magnitude of future benefit (B) are all directly related to “enhancement” or “disintegration” of the common interest. In fact, all these important factors, namely, (P), (B) and (i), tend to move “hand-in-hand” with enhancement of the *common interest* and growth of the saving-investment share. This means that, as long as its favorable effects last, the SLES tends to have a function to increase the average duration of employment, the long-term mutual benefits and the joint contribution of greater saving-investment share over time.

10. LONG-TERM DEMERITS OF THE SLES

10.1. Postwar Confusion and Governmental Inaction

It is highly intriguing to analyze the U.S.-Japan relations in post WWII period from the standpoint of Japan’s fast recovery and development. Initially, the U.S. did not want Japan to recover nor develop. For the U.S. wanted to keep Japan as a sort of underdeveloped agricultural country, as mentioned already. She, however, suddenly reversed the policy for Japan’s industrial recovery to keep Japan as

Americanized “bulwark against communism”. It is most important to emphasize that nothing but confusion prevailed in early postwar Japan. The Japanese government could not deliver effective actions for the sufferings/miseries of unemployed workers and their families.

The postwar poor-functioning Japanese government, perhaps, lacking concerns, motivations, resources and ideas to act for the suffering people, being heavily pressed by the task of socio-politico-economic adjustments to the U.S. hegemonical directions. To retrospect, the “best possible word” for the-then Japanese government might be “**neglection**” of the most necessary welfare measures for the “hand-to-mouth” and “starving” households of jobless workers, and the households of deceased or handicapped “breadwinners”, due to the reckless and unwanted war.

Most of the households in early postwar period did not receive any benefits from the SLES corporations, affording to make *unprecedented* commitments, such as “stable long-term employment”, “profit-sharing schemes” and “welfare of the workers and their families”. Such commitments were, perhaps, considered most important and attractive to the postwar Japanese workers, experiencing unemployment, instability, low wage rates and little help from the Government. In a sense, most of the SLES benefits were concentrated in the hands of the relevant thriving large firms, their managements, their workforces, and the Government.

The great majority of the postwar workers and their households were at the mercy of the war-surviving traditional and stagnant firms in the fading industries, where most of the jobs were rapidly disappearing in the face of the new and rampant metabolism owing to the SLES’ effects on the economy. Despite the rapidly expanding income-and-wealth disparities of the people, the Government *relegated* almost all welfare responsibility to the large SLES firms and the declining impoverished firms. With most people struggling for “hand-to-mouth existence”, the society had to face the rapidly worsening confusion, miseries, degeneration of morals-and-ethics and expansion of gap between rich and poor.

Ironically, such postwar socioeconomic conditions, perhaps, offered a good timing for the select large and potent firms to adopt and establish an unprecedented Stable Long-term Employment System (the SLES), coupled with the “collaborative-conscious” *Communal Relations* (CR). No doubt, business leaders carefully and quietly proceeded to prepare for the “SLES+CR”, avoiding the U.S. intervention and rejection. Indeed, the SLES+CR made a great contribution to the nation’s rapid development, as well as for the nation’s top-speed accumulation of human-and-physical capital. Coming to recognize at the end of the 1960s the unexpected SLES effects, U.S. Government started taking strong actions against the employment system, starting with “Nixon Shock” in 1971 and tenacious threats and actions thereafter through USTR (United States Trade Representative), until the SLES became practically emasculated.

Ironically also, Japan was often “applauded” as “best student”, emulating/imitating quickly the prevailing “skills and knowhows” of the US-style market activities for economic development. There was, perhaps some truth in it, if such “applauding” indicated the U.S. business orientation and practices, such as “short-run profit-maximization”, “*laissez-faire* market competition”, “riding-on-the-current fashions”, and “convenience producing practices”, there was no good reason for applauding such economic activities imitating the U.S. economy. All such short-run-oriented business “skills and knowhows” have, perhaps, only reflected the “politically-correct” orientations and practices of the *modern hegemonical force of habit*.

10.2. Aftermaths of the SLES Boom

10.2.1. “Unpaid” Female Homemakers’ Contributions

For the SLES to start functioning well at the minimum possible cost, it was necessary to have the strong support of the household sector supplying reliable hard workers to the “potent” private firms. Most likely, the household sector considered the existing *large, growing* and *trustworthy* firms were represented by the SLES firms (*Communal Firms*) as desirable employers for “breadwinners” of the respective households. Such respective *Communal Firms* were to select workers from fresh graduates of various schools and give rather extensive and expensive on-the-job trainings initially to all new employees and on all occasions of later job rotations. They selected new school graduates not only on motivations, abilities and schooling levels, but also on their determinations to work in the respective *Communal Firms* until the retirement age.

Thus, the newly employed *Communal Workers* were usually *male workers*, for *female workers* were usually thought of “short-term or temporary workers” prior to marriage. Thus, it was considered almost “anti-social” not to allow female workers to quit jobs freely any time for marriage. This meant the average length of female employment much shorter than that of male employment. Here, it is important to mention that female members of respective households, wives (homemakers) of the “breadwinners” in particular, were highly relied on without pay for taking good care of the “breadwinners”. This idea was related to the so-called “Big Familism” which indicated each *Communal Firm’s relationship with households of Communal Workforce*. In a sense, such relationship has been often interpreted later as “discrimination of female workers”.

10.2.2. Unfair Relations between SLES Firms and Subcontractors

In the highly competitive postwar international market, it was near impossible for firms which were narrowly surviving in the war-torn nation, deprived of capital facilities almost totally, to compete squarely with the long-established large aggressive corporations of the WWII-winner countries. An initial idea of the SLES+CR (Stable Long-term Employment System with “collaborative-conscious” *management - workforce Communal Relations*) without any “big-picture” theoretical backings was introduced by the surviving ambitious-potent large firms, as culturally-economically effective ways to resuscitate themselves under the hegemony-oriented hands-off market competition. For that purpose, they thought of the SLES+CR requiring a rather drastic and highly appealing offer of “stable long-term employment”, mainly, to young and fresh graduates of various schools. They also thought of the necessity of “loyal subcontractors” to serve each SLES firm.

A rather strict vertical relation between each SLES firm and its stratified subcontractors was usually created more-or-less intentionally, offering its workforce a stable long-term employment, together with other SLES benefits, wanted to protect itself by limiting the usual size of the workforce to minimize direct and indirect labor costs. The SLES firm usually wanted to shift the burden of market uncertainty to their subcontractors. Such a shift was made by pressing their subcontractors, on the one hand, to absorb the surplus SLES workers temporarily when the market was unexpectedly stagnant. On the other hand, when the market was unexpectedly booming, the former asked the latter to supplement temporarily the former’s workforce by the latter’s workers.

In a sense, each SLES firm wanted to utilize its subcontractors not only as “supply chains” of needed parts of the SLES firm products, but also as a “cushion” to maintain the ideal size of the expensive *communal workforce*, as well as to make *intra-industrial “job-hopping”* difficult. By means of such “lord-vassal” relations, the SLES firms usually attempted their profit-maximization at the cost of the subcontractors. Such unfair SLES firm practices “more or less” remaining today, have helped concentrate most profits in the hands of SLES firms.

10.3. *Laissez-Faire* Market Competition and the SLES

By such concentration of profits and rapid accumulation of capitals in the SLES firms and the emergence of big-stride Japanese economy, as well as by expanding Japanese trade-surplus with the US economy, Japan started giving gradual threat to the U.S. Government (the postwar mentor of “*laissez-faire* market competition”). The rapidly growing trade-surplus with highly capital-intensive exports to the U.S.A., however, soon created discord between the two economies.

A first foretold phenomenon, the so-called “Nixon Shock”, suddenly surfaced in 1971 as cancellation of the U.S. unilateral commitment to convertibility of the U.S. dollar to gold (\$35 to one ounce of gold). The commitment, having had stipulated the exchange rate at \$1=¥360, could have Yen (¥) drastically up-valued against Dollar (\$) to damage Japanese export. This phenomenon was interpreted correctly by some Japanese mass media as a “punishment” mainly aimed at Japan that had rapidly expanded trade-surplus with the U.S.A. Gradually, it became clearer through the demand of USTR (United States Trade Representative) that the U.S. Government wanted to eliminate the Japanese practice of the SLES. In a sense, such demand was highly coherent to the US postwar policy, aiming at eliminating the major characteristics of the lingering Japanese Native Culture (such as “personal”, “empathetic”, “communal” and, “relational” features, among other things).

The “Plaza Accord” made the US message much clearer, when the U.S.A. invited Japan, Germany, U.K., France and Italy for meeting at Plaza Hotel, New York, in 1985, for up-grading their respective

currencies against US Dollar. This meeting decided to up-value Japanese Yen most conspicuously against the U.S. Dollar, awakening Japan to the US Government's distrust, anger and hostility, not only to the expanding trade surplus, but also to the SLES practice and the Native Culture. The drastic up-valuing of Japanese Yen in the "Plaza Accord" was one important cause of the ensuing "bubble immovables" in Japan, enticing a Japanese real-estate developer to attempt "Rockefeller Center buyout". This attempt had to face the US Governmental intervention to quit the buyout.

Japanese businessmen had to learn that "*laissez-faire* market competition" was allowed only for the businessmen belonging to the hegemony. Such message and intervention have compromised increasingly Japanese government and people to learn the reality of hegemonical governance of the world economy. After the collapse of Japanese "asset price bubble" (between 1986~1991), some 30-year stagnation ensued to make Japan a worn-out nation. The Japanese politicians and bureaucrats, in particular, wanted to avoid further hegemonical demands. Such fears have undermined the SLES+CR further, encouraged short-run orientation, strengthened the voice of shareholders, and so on.

10.4. Ensuing Insecure "Japanese Floating Lifestyle"

The postwar economic "achievements", the SLES+CR in particular, were often too loudly applauded by many politicians and economists overseas, effecting the rapid recovery and development of the postwar Japanese economy. Perhaps, such "achievements" comprised a short-run comedy like Shakespearian "All's Well That Ends Well". What actually happened in early postwar era tantamounted a severe hardship experiencing another kind of devastating warfare, as far as a great majority of the people were concerned. The SLES firms initially benefited only a small minority of the growth-oriented large firms' management and the male workers and, at the same time, forced a drastic replacement of "the old" with "the new" in a very short period of time, by almost totally disregarding the sacrifice of stagnant industries, firms, workers and households, despite the absence of Governmental rescue policies. As indicated above, the large well-established branches of the big financial combines, most likely, took the initiative for emergence of the SLES firms. Indeed, this initiative, giving a dream for the future youth workers (on the one hand), forced almost endless bankruptcy of traditional firms and unemployment of breadwinners working for such firms (on the other hand).

Moreover, as devastated as postwar Japan, a rapid technological development and massive physical-and-human-capital formation were required in order to compete with more established firms of the advanced Western countries, in particular, the United States of America. For that purpose, whatever available financial and material resources had to be gathered up and practically concentrated in the SLES firms, with the collaboration of major banks and other financial organizations, which had mostly been part of the broken-up financial combines. Also, for becoming competitive in the world, the SLES firms had to reinforce labor efficiency. All such necessary endeavors reflected Japan in "dire straits" in pursuance of rapid economic growth and development.

One big irony – fortunate and/or unfortunate reality - was a great surplus of well-trained hardworking human resources unemployed everywhere, in addition to the lucky small-minority of the SLES workforce. A further irony was that the unluckily unemployed great majority of workers and their families would have to bear most of the burdens for the "success" of the SLES firm. In a sense, the great majority of Japanese workers belonged to the SLES firms' stratified subcontractors, mostly small-and-medium-size firms without labor unions. They had to work long-and-hard hours with "hand-to-mouth" levels of low wages. Very often, the delivery deadlines and prices of the contracted products/parts of each subcontractor were set strictly by the SLES firms. Such controls were, most likely, intended to concentrate all the profits into the hands of the respective SLES firms.

Usually, subcontracted firms were compelled to compete each other for quality and price of their products for future contract renewals, as well as for loyalty and obedience to the respective SLES firm. Further, by controlling the buying prices of intermediate products, the respective SLES firm, often, manipulated their subcontractors to keep their workers' wage-and-benefit levels to be much lower than that of the SLES workers. Moreover, the SLES firms in the same industry seemed to have a tacit agreement among themselves, not to employ their dismissed workers and/or job-hoppers.

Also, in order to compete better with the firms of the advanced nations both in inter-national and intra-national markets, the SLES firms made all possible efforts to catch up with the on-going and future

fashionable trends in the world. They attempted furiously to invest in capital facilities and technologies for production of rapidly shifting capital-intensive products. This meant a continuous, very expensive and wasteful “*creative destruction*” relevant to the newly required “piecemeal” functions of capital facilities as well as human capital (knowledge and skills).

Ironically again, such “creative destruction” inevitably required continually to change both human and physical capitals, as well as required almost all workforces both of the SLES firms and subcontractors to work longer hours continually, due to such wasteful “creative destruction”. The people and workers at large did not feel happier too much compelled for constant abandonment of physical and human capitals for “creative destruction”. Also, the rapidly “individualized” and/or “dehumanized” workers in the postwar era became destined to work a longer-and-harder hours of almost endless efforts for “efficiency” without much wage increase.

Consequentially, the lonesome and stressful individual workers and the people at large, rapidly deprived of the comfort of friendship and family life, could never be joyous of the *spectacular* “statistical growth” of the economy. Further, the Japanese people at large have started feeling that they were leading an unstable-unsettled-uncertain life similar to *floating aquatic plants* (relying on unstable winds, waves and climatic changes), relying increasingly on unstable supplies of foreign energy resources and foodstuffs. Still further, the increasing number of SLES firms and subcontractors started feeling that they were just managing themselves to “stay afloat”, by relying increasingly on the “money-speak” bank loans for financing the on-going “creative-destruction”.

Furthermore, the Japanese people have felt a “more or less” *uncomfortable* about the postwar dizziness of rapidly changing socio-politico-economic behaviors along with the fading of Japan’s long-accustomed Native Culture. Moreover, in view of the rapidly aggravating moral-and-ethical degeneration, the people at large started feeling keenly the worsening instability, uncertainty and insecurity during and after the 1970s. Almost simultaneously, the people had to cope with the consequences of “Nixon Shock”, “Oil Shock”, “Plaza Accord” and, thereafter, “some 30-year serious stagnation”, as well as the declining “real income” till today (among other things).

The U.S. hegemony, by means of “*Might-makes-right*” obstinate interventions and manipulations of the war-torn, defeated and despairing nation during the last 80 years, have almost emasculated the mainstream politicians, bureaucrats, the people at large, Native Culture and the society, as well as the Stable Long-term Employment System (SLES) with the “collaborative-conscious” Communal Relations (CR). Most of Japanese who survived the postwar bewildering “life-or-death” struggles in the recovery and developing processes, may now recall a much different image of the so-called “Japan Paradox” that invited outsiders’ admiration.

11. NORMATIVE FRAMEWORK FOR THE GLOBAL COMMUNITY

As discussed in the previous section, it is obvious that the postwar Japanese model for socioeconomic transformation cannot be applicable generally to the other nations of different historical, cultural and geopolitical backgrounds. From a global standpoint, perhaps, the so-called “Japan Paradox” was a short drama, in which Japan’s struggling for survival was depicted in terms of economical coping effectively with the high-handed hegemonical winner who wanted to impose its accustomed market competition on Japan’s economic activities (among other things). The Japanese postwar experience/experiment, however, may offer some important implications and lessons to all the nations of the contemporary world, facing the extremely aggravated “life-or-death” *human impasse*.

The phenomenon called “Japan Paradox”, to begin with, took place on the basis of four special phenomena: (1) Japan’s defeat in WWII, in particular, by the U.S.A., (2) the intensified Communist threat to the U.S.A., (3) the outbreak of Koreans War (North Korea backed by Soviet Union and China and South Korea backed mainly by U.S.A.) and (4) Japan’s desperate desires for quick recovery. In a sense, the Stable Long-term Employment System (SLES) with the management-workforce Communal Relations (CR) for mutual benefits was “*a strange child of the age*”.

Secondly, the rapidly empowered SLES firms seemed to have made a great success in “international market” for a few postwar decades. Such success story could not go on without enraging the hegemonical U.S.A., in particular. For she might have felt badly beaten in competition with economic expansion at their own game – the “aggressive *laissez-faire* market competition” that have favored the

well-established American and Western corporations. Such “*market competition*”, in reality, had been “a peculiar sort of *proxy war*” in favor of the *modern winners* to accumulate wealth and power quickly upholding the dogmas of “*Might makes right*” and “*The winner takes all*”. Such “*market competition*” has long been one of the *secret short-run means* for profit maximization, without paying the huge *long-term* local-global local-Social Cost.

Thirdly, *modern confrontational/competitional* hegemonical system, by necessity, has almost endlessly produced antagonism, violences, aggressive wars, exploitations, plunderage, terrorizing, and so on. Such hegemonical governance has resulted in the deep-seated “winner-loser” hostility to invite other hegemony-emulators and the “winner-loser” expansion of income-wealth gaps, division of human world, and discrimination of the poor, exploitation of the weak, degeneration of moral-and-ethics, instability of knowledge, employment and lifestyle. Besides, the hegemonical system has lost, by necessity, the capacity to maintain long-term peace, order, comfort, assurance, certainty, stability and security. Worse still, it has encouraged psychological divisions, such as incessant suspicion of “friend-or-enemy”, distrust of the other, taking advantage of one another, lack of empathy, and enjoyment of the other’s misfortune-adversity-and-misery.

The incessantly accumulated frustration, uncertainty, insecurity, loneliness, unhappiness and despairing have resulted from the *long-term neglect* of vast local-global Social Cost. All such contemporary unsound human conditions, no doubt, have comprised the accelerated aggravation of human impasse under the *short-run-oriented* irresponsible, self-justifying *confrontational system*. The “aggressive *laissez-faire* market competition” has been one of modern representative “confrontational factors” of the hegemonical system. In a sense, we have gradually come to understand that the *confrontational hegemonical system* is, undoubtedly, a *self-destructing system*. After the Soviet Union’s collapse in 1991, the U.S. became practically the *world hegemony* and started taking the lead in politico-economic manipulation to exercise openly *the hegemonical force of habit*, aggravating seriously *human moral-ethical degeneration* to accelerate aggravation of *human impasse*. When the United Nations Conference on Environment and Development (UNCED) in 1992 – the “Earth Summit” – took place in Rio de Janeiro, Brazil, for promoting “Sustainable Development”, the U.S. Government seemed to be rather negatively inclined about the issue, for no significant positive actions ensued. Most recently, the re-elected President Trump signed again the Executive Order on *withdrawal* from Paris Climate Agreement (Jan. 20, 2025). Therefore, it is about time for us to start and reinforce ***our own steady maturing*** for helping promote a sound long-term global socioeconomic development (Sustainable Development), by means of ***globe-wide*** “collaborative-conscious” Communal Relations. Such steadily maturing humanity is indispensable for *pursuing* Sustainable Development, as well as for *solving* the fatally aggravated human impasse. To begin with, a small group of concerned people (in school, workplace and local community) for studying regularly about “Sustainable Development” and/or the “aggravated impending human impasse” may be highly effective to start “collaborative-conscious” Communal Relations for ***steadily maturing humanity***. Such Communal Relations may accelerate personal maturing by learning the intrinsic long-run nature of Sustainable Development, its effective pursuance to be crucial to solving the impending human impasse, understanding the roots of such impasse to help improve actions for Sustainable Development, and so on to discover complexly and systemically related human world affairs. Such discovery may help *steadily maturing* oneself to find out the importance of “collaborative conscious” Communal Relations for sound and viable human future.

Through such learning experiences and discoveries, we may be able to recognize the share of our responsibility for solving the “extremely serious *human impasse*” by pursuing Sustainable Development seriously. The present author, on his part, has prepared for discussion a theoretical framework for a long-term sound socioeconomic development (relevant to Sustainable Development) [Hiwaki, 1998, 2011, 2017, 2024]. A simplified essence of the “Big Picture theoretical framework, to be discussed in this section, is an *alternative* to the on-going modern antagonistic-confrontational hegemonical system.

11.1. Communal Relations and Steadily Maturing Humanity

11.1.1. Modern Disconnected Individual Economic Actors

As shown in the diagram above (**Fig. 1**), the Market Value System, including mutually reinforcing ideologies, including *antagonism*, *materialism*, *individualism*, *progressivism* and *egotism*, erroneously

assumes humans as *separate/independent* “individual” economic actors. The modern major ideologies comprising the Market Value System came from the one-sided strong influence of the *modern hegemonical force of habit*, as well as of the premodern-and-modern monotheistic faiths prevalent in Western countries. This being said, the present author suspects such *disconnected individuals* being considered highly important and convenient for both the hegemony and the monotheism, in order to separate clearly the only *seemingly* “opposite values”, such as “good or bad”, “yes or no” and “friend or enemy”, in particular, for their respective controls of people at large. The world of such simplistic “opposite values”, “short-run orientation” and “individualized humans” may not have room of innate human complexity for “*steadily maturing humanity*”.

A diverse balance of such maturing humanity is highly important for pursuing a reasonably sound, globe-wide, long-term, socioeconomic development – Sustainable Development. As far as the present author is concerned, the modern insinuation of the *separate/disconnected* “individuals”, perhaps, under the influence of the hegemonic *politico-religious* leaders in modern times, may have reflected their respective ideas and/or assumptions of rather distortedly simplified human characters, thoughts and behaviors. In view of the overwhelming Western features, the prominent ideologies of Modern Civilization, in particular, the short-run-oriented Market Value System has long neglected local-global long-term Social Cost, which may speak for the extremely “irresponsible” behaviors of the self-seeking, arrogant, powerful leadership.

11.1.2. Integral Harmony and Middle Path

In comparison to such “individualized” short-run irresponsible ideas and behaviors, it is now highly important to introduce an alternative concept, “Integral Harmony”, meaning the deep-seated “collaborative-conscious *harmonious human nature*” that has been nurtured through a variety of face-to-face Communal Relations, mainly based on Native Cultures [Hiwaki, 2014, 2017b]. Integral Harmony in our contemporary world may help encourage “*steadily maturing humanity*” through a variety of “Communal Relations” for helping find, develop and maintain *mutual benefits* to solve the impending extremely aggravated *human impasse*. Put differently, Integral Harmony offers a strong support to the respective reasonably sound, long-term, complex and harmonious Social Value Systems. Thus, Integral Harmony may help accommodate, integrate and sublimate the “modern seeming contradictions” to become an important *balancing factor* of each Social Value System, for pursuing peace, comfort, collaboration and wellbeing of the world people in general.

Put, differently, the so-called “binary opposition”, implying a pair of *clearly* opposing values, ideas, views, propositions or phenomena, is *assumed here* as one intrinsically “*interconnected continuing*” value, idea, view, proposition or phenomenon with the *two extreme ends*. For human beings in general are “both good and bad”. The assumption of *interconnectedness* follows the idea called “Middle Path” (“Buddha’s Zero”), reflecting an ancient philosophical teaching about 2500 years ago. According to “Middle Path”, there are “*four possible views*” about any things: “Yes (positive) is an extreme view”; “No (negative) is another extreme view”; “Neither Yes (*not* positive) nor No (*not* negative)” is a heretical and nihilist view; and “both Yes and No” indicates “Middle Path” [Chatterjee. 2010]. According to the present author’s understanding of “Middle Path”, may partially correspond to his “Integral Harmony”, for “Middle Path” may suggest to recognize the “*indivisible-complex 0 (Zero)*” rather than the extremely simplified contemporary “binary opposition”.

Based on the idea of such “Middle Path” (“Zero”), the presently proposed “Social Value System” consists of the numbered areas (1), (2), (3), (4), (5) in the following diagram (**Fig. 6**). These areas means: (1) Social Harmony (abbreviated as “Harmony” derived from the opposing “Amity” and “Enmity”); (2) Personal Integrity (“Integrity” derived from the opposing “Spiritual” and “Material”); (3) Social Solidarity (“Solidarity” derived from opposing “Social” and “Individual”); (4) Societal Continuity (“Continuity” derived from opposing “Traditional” and “Progressive”); and (5) Relational Mutuality (“Mutuality” derived from the opposing “Altruistic” and “Self-interested”).

Also, easily discernible from the present diagram, modern academic disciplines (that have been strongly influenced by the *modern hegemonical force of habit*), including physics, engineering, chemistry, history, economics and political science (among others), may largely support the right-hand-side values comprising the Market Value System (shown by the respective *shaded ovals*), consisting of “Enmity”, “Material”, “Individual”, “Progressive” and “Self-interested”. Such values in the contemporary world

are usually *deemed opposite* to the left-hand-side values (expressed by the *unshaded ovals*), consisting of “Amity”, “Spiritual”, “Social”, “Traditional” and “Altruistic”. Also, as suggested by the “two-way arrows” in the diagram, the five “binary oppositions” may closely relate and highly influence one another. The *more important* message of the diagram is that each “right-hand-side value” and the relevant “left-hand-side value” can be *converged, balanced* and *sublimated* to reveal their respective Middle-Path value.

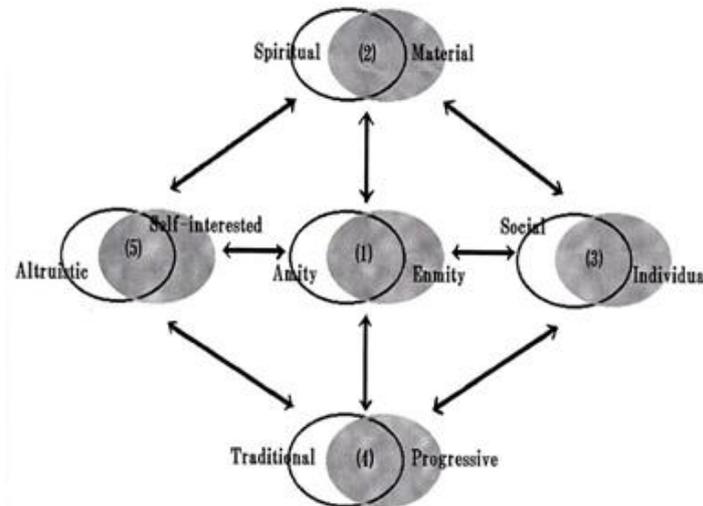


Figure 6. Middle-Path Integral Harmony

11.1.3. A Sound Middle-Path Social Value System

Such mutually converged and balanced Middle-Path social values are shown respectively, as “Harmony” (social harmony), “Integrity” (personal integrity), “Solidarity” (social solidarity), “Continuity” (societal continuity) and “Mutuality” (relational mutuality). The five Middle-Path social values, all together, comprise a reasonably sound Social Value System. When such converging, sublimating and re-balancing in view of our concept of “Integral Harmony” and “Buddha’s Zero”, Social Value System will start pervasively influencing people for the “collaborative-conscious” Communal Relations to re-vitalize and reinforce “*steadily maturing humanity*”. Then, we may be able to expect a brighter future, instead of the prevailing dead-serious future prospect of human world (meaning, “extremely aggravated *human impasse*”).

Such sublimated and re-balanced five integral social values comprising the Social Value System (SVS) in the following **Fig. 7** indicate, respectively: -

- **Harmony** (social harmony) represents **one** integral personal value “Amenity”,
- **Integrity** (personal integrity) represents **one** integral personal value “Humanity”,
- **Solidarity** (social solidarity) represents **one** integral personal value “Reliability”,
- **Continuity** (societal continuity) represents **one** integral personal value “Flexibility”,
- **Mutuality** (relational mutuality) represents **one** integral personal value “Viability”.

Now, such five integral “Middle-Path” social values are put together as system of mutual reinforcement in the above diagram. The five social values, interacting and reinforcing one another, may continuously *augment* the social values, respectively, in household, school, workplace, local community, national society, and the prospective Global Community. The Social Value System of the respective “human-personal” groupings are expected to *encourage* the respective “collaborative-conscious” Communal Relations to promote “*steadily maturing humanity*”.

Also, the continuously augmented Social Value System (SVS) worldwide may help *ameliorate* the modern lopsided and aggressive “Market Value System” (MVS). Such MVS encouraging the so-called “*laissez-faire* market competition”, by inducing and reinforcing self-seeking competition for short-run profit maximization and brutal international warfare, in an attempt eventually for controlling the world.

Also, being *intrinsic* to continuous human society, SVS may often operate as a harmony-oriented “socio-cultural immunity” that may *moderate* the prevailing aggressive market competition and *help rectify* the existing and potential enmity/warfare. Furthermore, SVS may *encourage* “collaborative conscious” face-to-face Communal Relations and *discourage* the prevailing short-run/short-sighted, recklessly profit-seeking activities, relying “blindly” on irresponsible/wasteful *technological* means and ignoring “nonchalantly” the escalated accumulation of *long-term local-global* Social Cost.

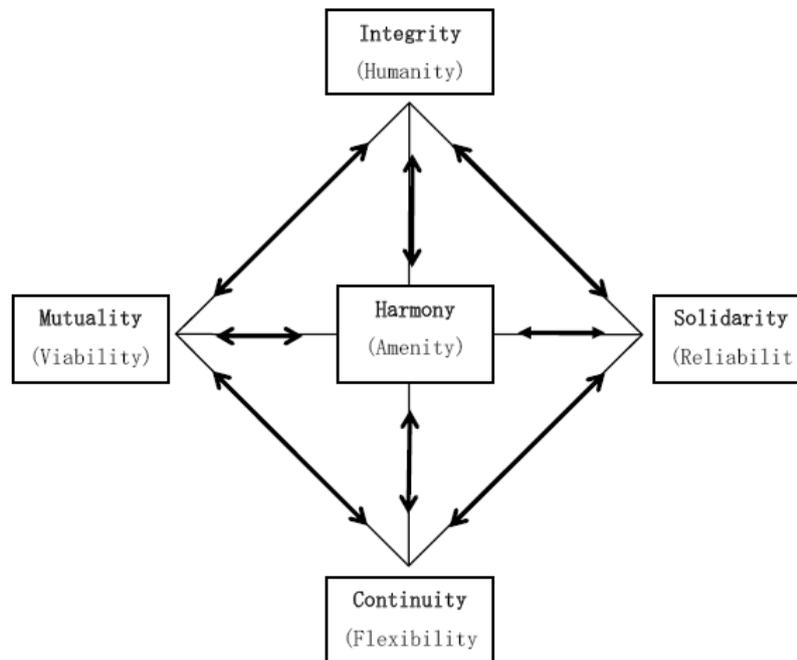


Figure 7. Social Value System

11.2. ‘Big-Picture’ Theoretical Framework for Sound Development

On such basis of the “collaborative-conscious” Communal Relations and the Social Value System, a broad theoretical framework of sound and long-term socioeconomic development (pertinent to *global-wide* Sustainable Development) can be summarily presented by five overlapping simplified equations, as follows [Hiwaki, 2011, 2017]: -

$$T/r = C/V \quad (1)$$

$$T/r = 1 - (S/V) \quad (2)$$

$$T/r = 1 - (I/V) \quad (3)$$

$$T/r = W/V \quad (4)$$

$$T/r = 1 - (R/V) \quad (5)$$

The left-hand-side term (T/r) of all equations is the Basic Ratio (representing the “Mental-Value Aspect” of all the equations) with the variable “Trend Preference Rate (T)” indicating the “*society-general* time-preference rate” and the variable “Trend Interest Rate (r)” indicating the “*economy-specific* time-preference rate”. Here, it is assumed that the variable (T) takes initiative and the variable (r) follows in the development-oriented change of the Basic Ratio, for inducing further socioeconomic development. This relationship between (T) and (r) refers to the “*lead-lag assumption* in the Value Aspect”.

There is another “time-lag assumption” which now refers to the “*lead-lag assumption* between the Value Aspect and the Real Aspects, which indicates the interaction (or the *virtuous circle*) between the left-hand side term (T/r) and the right-hand-side terms of real variables. The right-hand-side terms include: *long-term* Consumption-share (C/V), Saving-share (S/V), Investment-share (I/V), Labor-share (W/V) and Capital-share (R/V), respectively of the total long-term income (V). Such long-term shares, in turn, consists of: long-term aggregate Consumption (C), Saving (S), Investment (I), Labor-income (W), Capital-income (R), as well as Income or Value-added (V).

The Basic Ratio (T/r) on the left-hand side of all equations, implying the “Value Aspect” (“Mental-oriented” Aspect) economic activities. It is assumed here that the term T/r (“Value Aspect”) takes the initiative for interacting with the right-hand-side terms “Real Aspect” (“Material-oriented Aspect”) economic activities that follow. This “lead-lag assumption” between Value Aspect and Real Aspect is called “lead-lag assumption” in the Value-Real Interaction”. (The reader interested in the technical derivation and profound meanings of the present theoretical construct, please refer to [Hiwaki, 2011, 2017]).

Two of the above equations (1) and (4) with the respective terms (C/V) and (W/V), can be put together as one summary equation (6), where the two long-term variables (C) and (W) are expressed by the complex variable (A). Also, other three equations (2), (3) and (5) with the respective terms (S/V), (I/V) and (R/V), can be put together as one summary equation (7), where the three long-term variables (S), (I) and (R) are expressed by the complex variable (B).

$$T/r = A/V \quad (6)$$

$$T/r = 1 - (B/V) \quad (7)$$

11.2.1. Value-Real Interaction and Trilateral Virtuous Circle

One of the above summary equations ($T/r = 1 - (B/V)$) is now made into a diagram (Fig. 8), which shows a simplified continuing interaction between the Value Aspect and the Real Aspect for long-term sound socioeconomic development. Such socioeconomic development encompasses a perpetual *trilateral virtuous circle* of “Steady-Maturing *comprehensive human development*”, “Value-Real *balanced socioeconomic development*” and “Holistic-Systemic *native culture enrichment*”. The continuing process of “*trilateral virtuous circle*” may, at the same time, strongly stimulate the “*steadily maturing humanity*” that is, perhaps, most important for pursuing Sustainable Development. The following diagram (Fig. 8) depicts a highly simplified long-term sound socioeconomic development, based on the present theoretical framework: -

A long-term comprehensive socioeconomic development theory must base itself on the premise of a long-term integrated approach to “human mental behaviors” and “socioeconomic phenomena”, which is indispensable for the study of both short-term and long-term needs of people and society. Such a theory may reasonably correspond to that of *long-term complex, balanced and harmonious* socioeconomic development represented by a perpetual interaction of the people’s Value Aspect and Real Aspect that is expressed by the “diagrammatized equation” of ($T/r = 1 - (B/V)$). This interaction may take the form of a multi-faceted and synergistic *virtuous circle*, which facilitates a perpetual interaction among the “sound-holistic enrichment of Native Culture”, “comprehensive human development”, and “balanced socioeconomic development”.

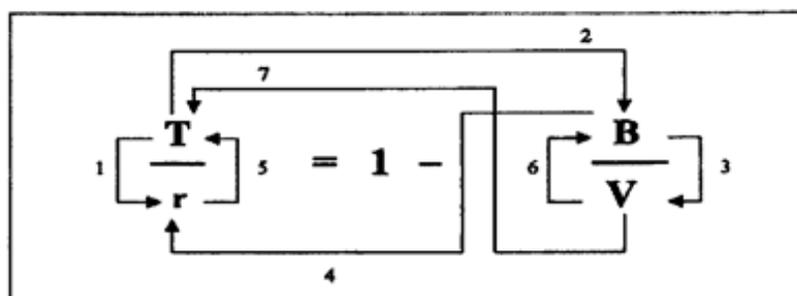


Figure 8. *Perpetual Interactions of Value-and-Real Aspects*

The *virtuous circle* by means of the Value-and-Real interactions, as shown above, can be explained, as follows. An untiring endeavor for *holistic enrichment* of the Native Culture, bringing about a constant improvement in the Social Value System, enhances the people’s positive orientation to the future, among other things. Such “enhancement of *society-general* future orientation” is symbolically represented by the *declining* Trend Preference Rate “ T ”, which is equivalent to the *declining* “*present-time*” emphasis (or the *rising* “*future-time*” emphasis). A resulting improvement of the Social Value System influences coherently the time frame of socioeconomic activities (or, elongation of the people’s future time frame). The enhanced orientation to the future of the people as a whole induces the *time-*

lagged decline of Trend Interest Rate “**r**” as shown by **Arrow 1**, indicating the rising *economy-specific* future orientation. In short, the *rising society-general* future orientation (declining **T**) brings about a *time-lagged rise* of the *economy-specific* future orientation (declining **r**).

At about the same time, the enhanced *society-general* future orientation stimulates the complex variable (**B**) on the right-hand-side of the summary equation, as shown by **Arrow 2**. This arrow implies the synchronous *long-term* growth of the aggregate saving (**S**), investment (**I**) and capital income (**R**). For, the growing aggregate saving (**S**) reinforces each other with the increase of aggregate human-and-physical capital formation (**I**). Such reinforcement of saving and investment, in turn, increases the aggregate capital income (**R**).

Also, the investment growth stimulates the synchronous processes (*trilateral virtuous circle*) of comprehensive human development, balanced socioeconomic development and holistic Native Culture enrichment, to expand the long-term aggregate value-added (**V**), as suggested by **Arrow 3**. Further, the increased investment enlarges the stock of human-and-physical capitals and enhances the *economy-specific* orientation to the future, shifting the Trend Interest Rate “**r**” downward, as suggested by **Arrow 4**. The declining Trend Interest Rate now influences the Trend Preference Rate “**T**” downward, as implied by **Arrow 5**.

In the meantime, the expanded aggregate Value-added (**V**), indicating the socioeconomic development, feeds back to the complex variable (**B**), as suggested by **Arrow 6**, to increase aggregate saving (**S**), investment (**I**) and capital income (**R**). Such growing complex variable (**B**) now enhances the *economy-specific* and, then, the *society-general* future orientation (as implied again by **Arrow 4** and **Arrow 5**). Also, the expanded aggregate Value-added (**V**), providing the justification as well as means, induces a further *trilateral virtuous circle* of the comprehensive human development, balanced socioeconomic development and holistic Native Culture enrichment.

The implied enrichment of holistic Native Culture, *bridging* the past, the present and the future of the society/nation, reinforces the people’s long-term future orientation, inducing a further decline of the Trend Preference Rate “**T**”, as indicated by **Arrow 7**. This may start anew the Value-and-Real interactions, propelling a further *trilateral virtuous circle*. Such Value-and-Real interactions may normally favor and *stimulate* the “*steadily maturing humanity*”, as well as *augment* the “collaborative-conscious” Communal Relations, which invite a steady adjustment of the *economy-specific* future orientation to the *society-general* future orientation, usually *not the other way around*. Such coherently reinforced future orientation of Society and Economy and the continuous *trilateral virtuous circle* of the Value-and-Real interactions may stimulate further and drive the people in general to endeavor more seriously for Sustainable Development for solution of the impending aggravated human impasse.

11.2.2. Mental “Lead-Lag” Assumption and Steadily Maturing Humanity

The present theoretical model assumes the importance of *steadily maturing humanity* for pursuance of Sustainable Development, as depicted by the diagrammatic expression of Basic Ratio (T/r as Value Aspect) in the following **Fig. 9**, which emphasizes the “*lead-lag*” between **T** and **r**. By this assumption, the numerator “**T**” leads the denominator “**r**”, indicating that a decline of Trend Preference Rate “**T**” (meaning, decline of the long-term *society-general* time-preference rate) takes the initiative for the long-term sound socioeconomic development, by inducing a coherent change in Trend Interest Rate “**r**” (meaning, decline of the long-term *economy-specific* time-preference rate) [Hiwaki, 2024].

The following diagram indicates the so-called “Optimal Development Path” (abbreviated as ODP or Curve F-D-O) indicates the “reasonably-balanced” path of sound long-term socioeconomic development that suggests “*steadily maturing humanity*”. It is assumed that, on the ODP, the gradually rising long-term *society-general* orientation to the future (the declining Trend Preference Rate “**T**”) is followed steadily by the coherently rising long-term *economy-specific* orientation to the future (the declining Trend Interest Rate “**r**”). Such a “reasonably-balanced” long-term socioeconomic development takes place throughout the “Growth Process” (**F**→**D**) and the “Maturation Process” (**D**→**O**) on ODP (F-D-O Curve), suggesting the “diversely and steadily” maturing people in general.

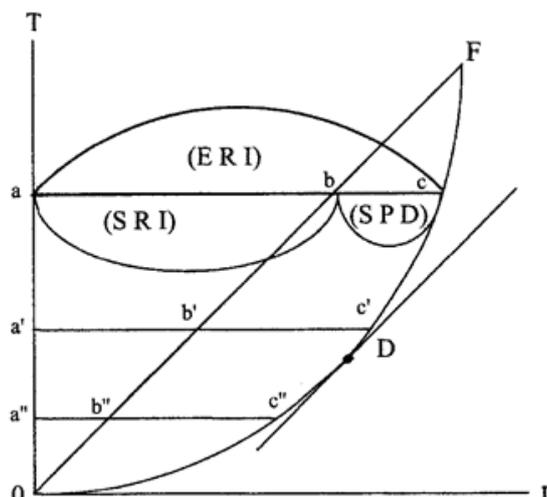


Figure 9. Dynamics of the Basic Ratio

In other words, the diagram depicts the “Growth Process” as *expanding* “horizontal gap” (such as, from **b-c** to **b’-c’**) between the *declining* Trend Preference Rate “**T**” (indicating the *rising society-general* future orientation) and the *declining* Trend Interest Rate “**r**” (indicating the *rising economy-specific* future orientation). The relevant “horizontal gap” (such as, **b-c** or **b’-c’**) is shown by the horizontal distance between the “45-degree” Ray and the “bow-shaped” ODP. In other words, the *width* of the “gap” is measured between the relevant point “**T**” on the Ray (equivalent to the relevant value on the “vertical axis “**T**”) and the corresponding point “**r**” on the ODP (the corresponding Trend Interest Rate).

Also, the diagram shows the “Maturation Process” as *narrowing* “horizontal gaps” between the Ray and the ODP (suggested by **b”-c”**). In the long-term, both the relevant changes of the *society-general* future orientation and the corresponding *economy-specific* future orientation are assumed to proceed gradually and rather coherently. (In **Fig. 9**, the *depicted distance* each of ERI represents the relevant “Economic Rate of Interest”, SRI the relevant “Social Rate of Interest”, and SPD the relevant extra “Social Premium/Surplus of Development” (meaning the size of “Profit Margin” that can be distributed various ways to the people)

The **most important message/implication** of the above theoretical diagram (**Fig. 9**) is that the people in general may *mature steadily* throughout the long-term process of the Optimal Development Path (ODP), from the Growth Process **F→D** (the process of only *partial human maturing*) to the Maturation Process **D→O** (the process of *steadily and variously maturing humanity*). The **maturing** of the persons/people in this theoretical setting is **revealed** by the *increasingly “future-oriented” changes* of the Basic Ratio (**T/r**). Such changes suggest the gradual augmentation of empathetic, reciprocal, collaborative-conscious, harmonious, peace-and-comfort-seeking lifestyles. In other words, the Optimal Development Path (ODP) is the theoretical development path drawn on the assumption that the rising “*society-general*” and “*economy-specific*” future orientation augments “*steadily maturing humanity*” of the people diversly, and *vice versa*. Such diverse maturing of humanity may, most likely, promote Sustainable Development for solving the impending seriously aggravated human impasse.

11.2.3. Necessary and Sufficient Conditions for Sound Development

Such “*steadily maturing humanity*” that promotes a sound long-term globewide socioeconomic development (Sustainable Development) on the basis of the present theoretical construct. For the long-term development to be “sound” and “steady”, it must fulfill the **Necessary and Sufficient Conditions** that can be derived from our equation (1) $T/r = C/V$. Now, the expression of this equation is changed into the following by dividing through the equation by the left-hand-side term **T/r**,

$$1 = (C/V) \times 1/(T/r)$$

The term $1/(T/r)$ in the changed expression, being equivalent to $1/(C/V)$, by definition, can be interpreted here as the *long-term development multiplier* (**Q**) for the determination of aggregate value-added **V**. For simplicity, Multiplier **Q** is now used to replace the term $1/(T/r)$ in the above expression, such as,

$$1 = (C/V) \times Q.$$

Multiplying both sides of the new expression by V , we now obtain a simple equation to determine the long-term aggregate valued-added, as follows: -

$$V = C \times Q.$$

Now, this new equation is translated into the following identity, indicating the percentage change of all the variables in *italic* terms: -

$$V = C + Q.$$

In this identity of percentage changes, the *italic V* (the “development rate”) indicates the rate of long-term sound and balanced socioeconomic development. Here, the **Necessary Condition** is indicated by the *italic C* (“growth rate of consumption”), while the **Sufficient Condition** is indicated by the *italic Q* (“growth rate of the development multiplier”). Referring to the *consumption growth rate (C)*, the **Necessary Condition** suggests the *improving people’s living-standard* in the long term, on the one hand. The **Sufficient Condition**, on the other hand, referring to the *multiplier growth rate (Q)*, suggests the long-term augmentation of the “*society-general*” future orientation. This implies a continuous long-term decline of Trend Preference Rate “**T**”.

In other words, by fulfilling both the **Necessary and Sufficient Conditions**, a long-term sound and balanced socioeconomic development can be accomplished to help enhance the people/persons as a whole toward more comfortable and healthy life in the long term, as well as to help the people/persons mature steadily, acquiring elongated and broader perspectives about the future. In other words, such a sound and balanced socioeconomic development, fulfilling both the **Necessary and Sufficient Conditions**, suggests, simultaneously, the *enhancing* “collaborative-conscious” Communal Relations (meaning “improving lifestyle”) and the “*steadily maturing humanity*”(meaning “improving future prospects and future orientation”), both of which may contribute to a sound long-term *socioeconomic* development.

11.3. Sound Human Development and Sustainable Development

As seen in the above, the theoretically explained “sound and long-term balanced” *socioeconomic development* (Sustainable Development) encompasses the most important human foundation – the capacity for *steadily maturing*. Such socioeconomic development is shown to be accomplished through the “trilateral virtuous circle” (Fig. 8), as well as through the analysis of the Optimal Development Path for *steadily maturing humanity* (Fig. 9). Further, such socioeconomic development is explained by the Necessary and Sufficient conditions of the present theoretical construct. Needless to say, perhaps, in order to guarantee such long-term sound socioeconomic development, a steady improvement of the mental-material *living standard* of the people in general (“Necessary Condition”) and the steady augmentation of the “*society-general* future orientation” representing the *steadily maturing humanity* (“Sufficient Condition”).

Especially today, the world people in general have to face the impending serious *human impasse* aggravated by the “power-politics orientation” of *long-term irresponsible hegemonical force of habit*. Such *impasse* may require an *overall rethinking*, instead of short-run profit-maximizing *technology-based* “piecemeal-makeshift measures” only to worsen the *human impasse*, by “weakening intimacy” between nature and humanity. Also, the contemporary “makeshift measures” may further encourage highly confusing, power-oriented politico-economic leadership, inflicting a greater pain on the world people in general. Thus, the *overall rethinking*, to begin with, may require ourselves to think of “*what are indispensable*” for the reasonably sound long human life.

We humans are highly complex beings, embracing variously different emotions, opinions, values, ideas, perspectives, plans, hopes, fears, desires, and so on. Also, humans may maintain variously different, mixed and contradictory feeling and thinking, as regards manners, attitudes, behaviors, faiths, principles, and so on. When awakened keenly to the extremely aggravated “life-or-death” *human impasse*, however, we may come to the *necessity* of “collaborative-conscious” diverse Communal Relations for *steadily maturing humanity* to solve the imminent human impasse for securing *indispensable values* of peace and comfort, as well as of the sound environment and basic human needs.

Perhaps, *the most required* of humanity today may be such “keen awakening” to the *impending “dead-serious” human impasse* and “discovering” the importance of “collaborative-conscious” face-to-face Communal Relations for helping enhance *steadily maturing humanity*. Also, with such “keen awakening”, humanity may be able to grapple seriously with Sustainable Development for finding appropriate solution of the impending serious human impasse. For we can no longer disregard the rapidly escalated “human-made” disasters, such as leadership hazards, moral-ethical degeneration, antagonistic divisions of the world, aggressive warfare, climate changes, flooding and pandemics, among other things.

Under the modern hegemonical ideologies (such as, “Might makes right”, “The winner takes all”, “emasculated modern democracy”, “laissez-faire market competition” and “creative destruction”), however, the world people at large have been forcefully and tenaciously inculcated/persuaded to follow the short-run, irresponsible, aggressive and “mental-material” imbalanced ways of life. Such inculcation has been continuously encouraged by the Market Value System (as seen in **Fig. 1**) that mainly consists of antagonism, materialism, individualism, progressivism and egotism.

In other words, the Market Value System, with the hegemonical intention and backing, has strongly encouraged the inhumane and irresponsible “*laissez-faire* market competition” as well as “*aggressive warfare*” for more than two centuries, *degenerating* human *mental features*, as well as *devastating* the Native Cultures worldwide. In a sense, such Market Value System has long functioned to *tempt* humans worldwide into “temporal convenience-and-ecstasy”, neglecting long-term “*steady maturing*” that should have been achieved for a reasonably sound way of life. Therefore, it is about time for us all to regain our honest complex feelings, thinkings, reactions and inclinations, which have long been controlled and manipulated in favor of the modern hegemonical leadership.

The above discussions and propositions for *sound human development* (“*steadily maturing humanity*”, in particular) based on both the sound Social Value System and the “collaborative-conscious” Communal Relations, which are now supported by the above broad theoretical framework of socioeconomic development. Such propositions, Big-Picture theoretical framework, Social Value System and collaborative-conscious Communal Relations, all together, may amount to some meaningful fundamental ideas for pursuing Sustainable Development. A sound human development by means of *steadily maturing* enlightened humanity may be the most important condition to open a new horizon for sound survival of humanity and comfortable human world in the future.

Such an *intrinsic* human development, perhaps, will be encouraged further by the theoretically derived Optimal Development Path (ODP) that fulfills the *Necessary* and *Sufficient Conditions* of sound long-term socioeconomic development. Such a theoretical scenario may tell a reliable story about the worldwide “collaborative-conscious” creation of the viable and sound Global Community. For this purpose, we humans worldwide need to endeavor, together, to realize diverse “collaborative-Conscious” Communal Relations worldwide that, most likely, help us mature steadily for pursuing Sustainable Development with appropriate and effective actions. Such worldwide endeavor may also help us find the way to solve the impending serious human impasse.

12. CONCLUDING REMARKS

In view of Sustainable Development, a continual development of the “*same-destiny-sharing*”, diverse, face-to-face, globe-wide “collaborative-conscious” Communal Relations (CRs) are considered highly important to reinforce “*steadily maturing humanity*”. Development and diffusion of CRs worldwide may also help *minimize* the prevailing “hegemony-oriented” short-run, antagonistic and inhumane market competition and aggressive warfare. Further, a rapidly diffusing collaborative-conscious Communal Relations (CRs) may help *minimize* the future accumulation of “*unpaid* local-global Social Cost” that entails, most likely, dreadful catastrophe and miseries in the future. By promoting *steadily maturing humanity*, such collaborative-conscious CRs may cultivate and encourage the world people’s “mutual and common” endeavors for sound future survival of humanity and human world.

Still further, a growing importance of the globe-wide “collaborative-conscious” CRs, emphasizing empathy, coexistence and harmony, may help resuscitate and enrich the respective Native Cultures that offer respective guiding principles for the relevant peoples. Moreover, it is most important in the contemporary world, perhaps, to endeavor for such enrichment of respectively *harmonious* Native

Cultures, in order to give rise to a Culture of Peace as against the on-going Culture of War [Lomenko, 1998], [Zoubenko, 1998], [Teiling, 1998], [Graham, 1998], [Symonides, 1999], [Koizumi, 1998], [Sinclair, 2000], [Lasker, 1998, 1999], [Aydin, 1999, 2000], [Hiwaki, 1998, 1999, 2000b].

In an intrinsic sense, “collaborative-conscious” face-to-face Communal Relations (CRs) must have helped humanity survive till today. From the very beginning of the prehistory, humans might have created something like the “collaborative conscious” *same-destiny-sharing* CRs for their respective small groups to survive and carry on, by sharing whatever available/useful information and knowledge. Even for day-to-day survival, the members of each group, together, collaborated for collecting vegetables, hunting animals, devising clothes, building shelters, fighting fierce animals and enduring the ferocity of nature.

Over the long human prehistoric-and-historical eras, many kinds of *the same-destiny-sharing* Communal Relations of growing human population must have continued to emphasize “harmony”, “empathy”, “personal morals”, “social ethics” and “collaborative consciousness”, until the start of Modern Civilization that emphasized industrialization, democratization, urbanization, individualization and material orientation. This may mean that the “collaborative-conscious” Communal Relations were disrupted by Modern Civilization that started serving hegemonical warfare.

In modern times, many hegemony-seeking politico-economic leaders of the world have started offering highly deceptive and optimistic view about the so-called “progressive humanity” in order to manipulate the world people for the hegemonical self-justifying, self-seeking, short-run/short-sighted and aggressive accumulation of wealth and power. Deeply engaged in the short-run “irresponsible”, aggressive “*laissez-faire* market-competition”, they have cherished the short-run politico-economic activities, by enticing and manipulating their respective peoples, in pursuit of the *modern hegemony* for a new world order. Also, the hegemonical leaders have campaigned for highly wasteful, dangerous, rapid *technological development* for supremacy.

Such recklessly ambitious self-seeking leaders have also started devastating/eliminating the *intrinsically* harmony-oriented Native Cultures in the world, by making it as a *constant target* of their attack. No doubt, both the “*laissez-faire* competition-cherishing” and the “collectivism-cherishing” hegemonical leaders have tried very hard to destroy such Native Cultures, including “collaborative-conscious” Communal Relations that helped promote *steadily maturing people* for long-term survival.

For such ambitious leaders have, most likely, wanted to keep their respective *peoples at large* to be aggressive, competent, efficient and busy always, as well as short-run-oriented, naïve and obedient to the hegemonical leaders. Thus, they seemed to have regarded the *long-term and harmony-oriented* Native Cultures as nothing but *obstacles and threats* to their hegemonical pursuits. For their mission must have been so directed as to control the world, by justifying their favorite “short-run”, “progressive” politico-economic activities for rapid accumulation of wealth and power, without paying long-term Social Cost.

In this regard, the present article has also exposed the author’s *deep-seated apprehension* about justifiability and viability of the so-called “Modern Economics” (Neoclassical Economics combined with Keynesian short-run Macroeconomics, in particular). He has doubted such economic discipline as appropriate *social science* to help promote *wellbeing* of all societies and peoples worldwide. This is the reason why the author has been keenly interested in developing a long-term “Big-Picture” theoretical framework for Sustainable Development [Hiwaki, 1996, 1998, 2011, 2017, 2024].

Both “Modern Democracy” and “Modern Civilization” seem to have *casually disregarded* the most important *life, comfort and peace*, as well as the respectively and holistically indispensable-diverse Native Cultures, by getting along with hegemonical leaders in modern/contemporary times. Such leaders have been heavily engaged in *short-run irresponsible* economic growth and largely *reductionist-inhumane* technological development. Such hegemonic leaders’ inclinations, reflected on Modern Democracy and Modern Civilization have been *ironically* based on the foundation of *Enlightenment* - the humanistic and intellectual movement spread gradually from the 17th-century Holland and England to the 18th century France and U.S. and to other countries thereafter.

The present author has tended to suspect that the modern development (and/or *ill-development*) of *economic discipline* had inherited the heavily self-asserting and self-righteous *dogmas* from the

“arrogant-unrestrained premodern-to-modern winners”, such as “Might makes right” and “The winner takes all”. As a result, such *self-asserting and self-righteous dogmas* have been ingrained in the Western politico-economic thoughts, theories and methodologies. In other words, *the modern strong*, most likely, could and would accomplish *by all means* a rapid self-enrichment-and-empowerment by “*laissez-faire* market competition”, as well as “*free* trade-ism”, which have been subsumed by the highly biased “short-sighted/short-run” market theories and practices.

This means that the economic discipline, with the existing short-run theories and proof-methodology, cannot easily cope with the long-run/long-term consequences of “*laissez-faire*” market activities. To begin with, such theories and methodology seem to have been *adjusted* over time to the interest and convenience of “the modern strong” for their *self-justifying propaganda*, as well as for their politico-economic manipulation of people worldwide. Also, Modern Economics, perhaps, has provided “the modern strong” with the soft-sounding rhetorical phrase, “*free market competition*”, rather than a more fitting phrase, “*laissez-faire battles in market*”.

Undoubtedly, the modern concept of “market competition” has been influenced by a variety of *modern ideologies* (their mutual interactions in the Market Value System are shown in Fig. 1), as well as by *ideological suasions* for helping the hegemonical manipulation-and-control easier. A variety of important long-term Social Cost **unpaid** for short-run profit-maximization has *inevitably become rampant* by tolerating and/or encouraging, as well as by hiding such *unpaid* Social Cost. Such *unpaid* Social Cost have not been officially calculated nor published statistically, not only because of calculational difficulty but also of **inconvenience** to the modern/contemporary hegemonical leaders.

Economic examples of *unpaid, long-term, local-global Opportunity Costs (Social Cost)* have, most likely, been related to: the highly wasteful “*creative destruction*” promoted by “rapid changes of technology”; modern/contemporary irresponsible emphases on short-run “*convenience and fashion*”; short-sighted, costly reckless-development of “*SNS-AI technology*”; “incalculable environmental sufferings” from “aggressive *laissez-faire* market competition”; profit-motivated “piecemeal *technological changes*” encouraging international “*swindler-and-terrorist*” activities; “*moral-ethical degeneration*” due to “*egotistic profit maximization*”; and so on.

All the above modern-ideological features of *short-run-oriented market activities* seem to have devastated and/or ruined almost all Native Cultures across the world, promoting Modern Civilization and Modern Democracy *ironically* on the basis of “short-sighted” *laissez-faire* market competition as well as of incessant warfare (including many proxy wars between hegemonical powers). These *ideological/dogmatic* aspects alone may have immensely accumulated *unpaid* local-global Social Cost and afflicted humanity and the human world with unforgettable-and-unforgivable sorrows and miseries. Put differently, the widespread, aggressive market system and warfare in modern/contemporary times, most likely, *have made* humanity’s long-term endeavors *disdained*, most of the Native Cultures *devastated*, and uncountable human sacrifices *overflowed*. The contemporary hegemonical leaders, however, may probably make *a wild claim*: “All those were necessary for the sake of human *progress and happiness*”.

In a sense, the market system, Modern Democracy and Modern Civilization, by marshalling all sorts of flowery, optimistic and “progress-oriented” rhetoric of *Enlightenment*, have badly deceived humans at large into misunderstanding themselves, as if they were born “free, equal and independent *individuals*”. This type of *deceptional* campaign worldwide, confusing humans at large to forget about *an important and intrinsic human aspect*, such as “mutually interacting-reciprocating-collaborating *persons*” [Graham, 2015, 2016]. Also, with such wildly intended deception, the hegemonical leaders may have led human societies, communal relations and family ties becoming *weak, unreliable, unstable and uncertain*, as well as have led human beings worldwide increasingly *divided, degenerated, insecure, helpless, lonely and unhappy*.

Perhaps, the modern hegemonical leaders (“the strong” in Modern Civilization) have wanted to eliminate any obstacles to controlling/ruling the world people, on the basis of their favored logics, rationale, methodologies, ideologies and dogmas. In other words, Modern Civilization, having been rather concentrated in concrete, tangible, material-centric interests and activities, seemed to have denied or ignored the important and inestimable value of compassion, consideration, thoughtfulness and other human tenderness, as well as human wisdom and important complex features of Native Cultures.

Such slighting of Native Cultures at large and/or disdainfulness of “traditional” societies may have coincided with Modern Civilization’s insistence *by all means* upon “Progress” (with its peculiar nuance). Such modern emphases have reflected the hegemonical ideologies/creeds of “technological-and-military superiority”, justifying “Might makes right” and “The winner takes all”. Also, such modern hegemonic peculiarities may have justified the *short-run* incessant technological changes, irresponsible “*laissez-faire* market competition”, cruel-aggressive warfare and long-run accumulation of unpaid local-global Social Cost, to invite the *rapidly aggravated* impending human impasse.

The idea of “short-run, aggressive, *laissez-faire* market competition” may have provided with an easy “trap” to capture the interest of economic academicians and governmental economists for hypothesizing, theorizing and policy-making, without much difficult *verification* of short-run “prices and quantities”. This sort of “trap” may impoverish scientifically-and-aesthetically oriented *human imaginations* about ambiguous, delicate, intangible, invisible and inattributable values, which cannot be measured by “price-and-quantity” alone. Such *imagination*s, however, may be highly important for understanding the long-run/long-term affairs, phenomena and consequences, such as “long-term local-global Social Cost”.

The “impoverishment” of such *imagination*s may have very well missed the frightful *contemporary irresponsibility* of politico-economic professionals and hegemonic leaders worldwide. Such lack of responsibility, most likely, may invite eventually fatal “Boomerang Effects”, including aggravated climatic disasters, repetitive unprecedented pandemics, aggressive wars-and-miseries, rampant swindler-and-terrorist activities, endlessly expanding intense hatred, distrust, violence, loneliness, and so on, across the world. The modern/contemporary “wealth-and-power seekers” in business and politics, however, may have been more than happy to *assume away* and/or *ignore* the long-term accumulated *unpaid* local-global Social Cost.

Despite such contemporary disastrous-miserable conditions, the concept of “Sustainable Development” has been seriously intended and discretely known as a long-term sound, well-balanced and steady development of the human world, on the basis of *generally beneficial coexistence*. The modern/contemporary *winners*, though wishing to avoid serious blames on their activities under *the hegemonical force of habit*, they have certainly wanted to *have their own ways* by all means. As mentioned already, for example, a phrase “sustainable economic growth” has been, most likely, squeezed high-handedly into the SDGs (Goal 8) of the UN Agenda for Sustainable Development. Perhaps, such *coercive* method was to *replace* eventually the *long-run-oriented* Sustainable Development by the short-run-oriented “sustainable economic growth”. Such short-run-oriented phrase itself goes *directly against* the spirit and principle of *long-term continuous* Sustainable Development, as explained already.

For “Sustainable Development” indicates *intrinsically* the development of *humanity and human world* based on the idea of “long-term *self-other* peaceful development and coexistence”. Thus, the *spirit and principle* of the *long-term-oriented* Sustainable Development need to be maintained *by all means* like an “*eternally burning torch*” for the sound survival of humanity and human world by means of *steadily maturing, reasonably* balanced, sound and harmonious humanity. Relaying such a *torch* to the future generations may mean an important part of *intrinsic human responsibility* for the past, the present and the future generations of humanity.

Also, such “*relaying torch*” may mean an important part of our contemporary endeavor for *steadily maturing humanity*, enabling to carry on a well-balanced sound socioeconomic development worldwide. For such sound development cannot possibly be achieved nor maintained by the short-run growth-oriented *aggressive, competent, efficient* and *immature individuals in general*, who have been, knowingly or unknowingly, working for hegemonical leaders and market fundamentalists. Such individuals may have already fallen into *moral-and-ethical degeneration*, referring to “now”-oriented, short-sighted, self-conceited, aggressive and apathetic individuals.

The modern-contemporary *hegemonical lust* has encouraged an *irresponsible-dangerous technological development* for *supremacy*, by means of incessant warfare, continuous arms race for the indiscriminate overkill weaponry, endless energy-resource exploration, rapid-wasteful alterations of transportational means-and-facilities, congested high-rising construction, infinite urbanization, bewildering-reckless communicational-informational changes, moral-ethical degenerated humanity (among other things).

Such *hegemonical lust* also has encouraged wasteful *mobilization* of human-and-natural resources and endless *aggravation* of the impending *human impasse*.

Furthermore, such *hegemonical lust* has upheld extremely lopsided *dogmas*, such as “Might makes right” and “The winner takes all”, to reflect the hegemonical logic, rationale and power-politics. Moreover, the *hegemonical lust* has driven the hegemonical leadership to justify whatever foul and extreme means for the eventual “*winning*”, though *no one* could possibly *win* in the eventual all-out nuclear warfare. Without a feeling of regret or self-examination, the *contemporary hegemonical leadership* may have still been continuing the same line of reckless activities, by relying excessively on *technological means* only to intensify and aggravate the *human impasse*, by endlessly accumulating *unpayable* Social Cost.

It may **not be too late**, however, to rely on the human intrinsic “*steadily maturing capacities* (or “People’s Own Invisible Hands” [Hiwaki, 1996]), for solving or, at least, for avoiding the fatal consequence of the seriously aggravated *human impasse*. For such solution requires a diverse variety of “collaborative-conscious” face-to-face globe-wide Communal Relations (CRs), as reiterated above. When most of the world people decide to try the proposed way to nurture patiently the *steadily maturing humanity* by means of “collaborative-conscious CRs, the contemporary “short-run/short-sighted activities” could be reasonably balanced and coordinated with “wiser long-run activities” for sound survival and development” of reasonably sound humanity.

Also, the *modern hegemonical force of habit* may fade away, no longer supported by the *steadily maturing people* at large. Further, the *steadily maturing humanity* would pay appropriate attention, soonest possible, to reducing the already accumulated “unpaid” Social Cost, as well as to attempting for elimination of the future “unpaid” long-term Social Cost. Furthermore, such *maturing humanity*, by contributing to achieving Sustainable Development, could and would find the way to eliminate major causes of *human impasse*, so that people at large could enjoy a reasonably stable, comfortable and peaceful life all over the world.

This rather “optimistic and ambitious scenario” of the future human world, most likely, is based on successful adoption of a variety of *face-to-face* and *globe-wide* “collaborative-conscious” Communal Relations (CRs), nurturing *steadily maturing humanity* to pursuit Sustainable Development and solve the aggravated impending human impasse. Since humanity have already achieved the **capacity** to produce a reasonably sufficient supply of foodstuffs, utilities and convenience for all people in the world, which could and would be distributed more fairly to all peoples in the world, by rectifying the presently highly biased distribution to the winner.

Such optimism can be largely reassured by the continual survival of *some matured, balanced and wise* peoples from the long prehistoric times, all the way to the historic present day. Humanity have demonstrated *flexibility* and *capacity* to enhance perspectives, worldviews, thoughts, ideas and tools to survive, as well as to improve endurance, tenacity, resilience and collaborative-conscious endeavors. We cannot easily determine what is the *primary human factor* for such long-term survival, but we may *guess* that the long-term culturally-nurtured “*intimacy with Mother Nature*”, “*flexible capacity*”, and “*communal concerns* of interactive-reciprocal-social persons” have been related somehow to the primary human factor.

Though some excesses of “*flexible capacity*” may have caused a modern/contemporary *derailment* (or “*laissez-faire* oriented excessive *moral-ethical degeneration*) from a more reasonable human *evolutionary trajectory* [Ayten, 1999], such derailment can be rectified over time by the tenacious endeavors of steadily maturing humanity, sound revitalization of diverse Native Cultures, more intimate “nature-human” interactions, empathetic humane personality, sound religious teachings, and so on. Much more reasonable-sound human flexibility and capacity for Sustainable Development can be nurtured by a variety of continuous *collaborative-conscious* CRs worldwide for enhancing *human maturing*, together with “human-innate” tenacity, industry, intelligence and accumulated knowledge-and-wisdom. When it comes to the “life-or-death” choice, humanity can flexibly change priorities, focuses, stances, standpoints, interests and ideas (among other things) [Hiwaki-Hassard, 2019].

In our modern/contemporary world, both the “*laissez-faire*” and the “collectivistic” hegemonical leaders have tended usually to hide or camouflage important ideas and information concerning their honest

intentions and ambitions. Suddenly, however, the contemporary “out-of-date” hegemony-seekers have started exposing their true nature, by throwing off their masks to reveal their unrestrained intentions, ambitions and aggressions.

This is, perhaps, in an attempt for their “final” reckless bids for control of the world.

Most likely, they have waited for the timing of “highly confused conditions” with the impending fatal human impasse, uncontrollable variety of warfare, emasculated Modern Democracy, and the collapse of Anglo-American politico-economic governance of the world, among other things. In the midst of the contemporary overflow of dubious information, fabricated news, propaganda and demagogic manipulation by means of SNS, mass media and other technologically devised communication facilities, it is now almost impossible for the people at large to judge what to rely on.

Just because of the overflowing unreliable information, we now should, by all means, rely on *our own-maturing-selves* (People’s Own Invisible Hands). For this purpose, we must encourage *globe-wide* “collaborative-conscious” CRs that will soundly stimulate our *steadily maturing* sincere pursuance of Sustainable Development for *our brighter* common future. Perhaps, the present challenge is not only our *last chance* but also the *most opportune timing* to start counterbalancing the *derailment* of “human evolutionary trajectory”, collaborating for pursuing Sustainable Development and grappling with solution of the impending aggravated human impasse. It seems to be a “very long way” to such *triple achievements* through *steadily maturing humanity* via the *face-to-face* “collaborative-conscious” Communal Relations. It, however, will become clear that such approach is the “*shortest cut*” to our brighter common future.

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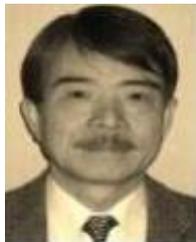
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